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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2256



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IMPROPER USE OF FINANCIAL RESOURCES IN ECONOMY

Tirana ZERI I POPULLIT in Albanian 15 Jan 82 pp 2-3

[Article by Andrea Nako, deputy minister of finance: "Let us Take Hold of the Main Links Which Assure the Improvement of the Effectiveness of the Economy"]

[Text] As stressed at the historic Eighth Party Congress, one of the most fundamental characteristics of the Seventh Five-Year Plan is the transformation which must be carried out in the improvement of the effectiveness of the economy which, as Comrade Enver Hoxha teaches us, is the result of all factors of development of our socialist production. In this field, great tasks are assigned to finance and bank workers, both to better know the factors and ways which lead to the improvement of the effectiveness of production and to further strengthen their role as observers, researchers and monitors of the economy.

The basis for improving the effectiveness of the economy has been and is expanded socialist reproduction; therefore, the fulfillment of the plans on schedule, and in all their indicators, and the improvement of the ratios stipulated between production and accumulation constitute the main link which we must hold more strongly. And, the results are positive. The revenues of the state budget for the past year were overfulfilled. The great majority of the enterprises are fulfilling the economic and financial indicators. However, we have deficiencies. Thus, while 80 percent of the enterprises of the Ministry of Industry and Mines overfulfilled their net revenues, 20 percent did not fulfill them. Such differentiated results are also noted in construction, in agriculture and other sectors. The reasons are subjective; they are linked to shortcomings and weaknesses in the organization, management and control of work and production. The emergence from states of backwardness of the enterprises and agricultural cooperatives which presently do not fulfill their tasks would assure 200-250 million leks of accumulation a year to the economy; therefore, it is necessary to study and analyze the activity of these enterprises more thoroughly and to learn and better disseminate progressive experience; our economic and financial organs have all the possibilities and conditions for giving greater aid to them.

The better utilization of the material and technical base of the economy is another important direction for improving the effectiveness of the economy.

More efforts, creative work and thorough economic and financial studies are required to assure a greater use of the basic means of production and of labor forces which have taken on great proportions and in which we have many possibilities and internal reserves. Thus, for 1981, the tasks for reducing costs were fulfilled and about 150,000,000 leks of savings above the plan were given to the economy. However, under the conditions when great material and monetary values participate in the economic circulation, it must be better understood that the reduction of production expenditures constitutes an exhaustible reserve for improving the effectiveness of the economy.

It is the task of the state economic, and financial organs to encourage, aid and disseminate the creative and innovative thought of the masses and their revolutionary initiatives for savings so that the spirit of savings will enter in every cell of our economy and life, down to the family, and become a work method for every working people. Today, more than ever, it is necessary to change, improve and perfect the techniques and technology of production; we must better utilize machines and other production capacities by encouraging advanced experience and creative revolutionary thought. These matters deserve greater attention, especially, in petroleum, mining, the chemical and metallurgical industries, light industry and the food industry and in construction, where we have enterprises, within the same branch, which have different levels of expenditures and which exceed the norms for the consumption of materials. We must show greater concern, especially, for the implementation of expenditures in agriculture, aiming at guaranteeing a greater increase of production and of revenues.

In the Seventh Five-Year plan, correct shares of participation are planned for the implementation of expenditures in which the main role is played by expenditures for expanded socialist reproduction. This assures the correct execution of the economic and financial policy of the party. However, the deeper understanding of the teaching of the party will require the strengthening of control and of the requirement for reporting in the area of the use of accumulation. It is important to instill everywhere the concept of the party that the expenditures plan must be seen as the maximum limit which must not be exceeded; we must also struggle so that the tasks are fulfilled with as little means and funds as possible. Thus, in 1981 about 40 limit projects and many other projects under the limit were not put into use according to plan. Here, the effects are noticeable both in production and accumulation and in the effectiveness of the economy. Because of the failure to construct the tanning extract plant in Ballsh, the economy did not receive 150 tons of industrial oil and 700 tons of mash for animal feeding; while, because of the failure to put into operation the cooper plant in Korce, according to the plan, the economy did not receive 3200 tons of blister copper.

Experience shows that investments are not properly evaluated everywhere. Investments are not thoroughly examined in all their aspects: [for example,] from the political, social, economic and financial aspect so that constructions and investments will always anticipate the development of the economy and will assure a higher profitability. Along with, the creation of clearer concepts about these matters, the organization and management of investments must be improved; they must be monitored continually and must become the

problem of the working collectives themselves, in a better manner, raising the monitoring and responsibility of the economic leaders to a higher level.

Blocking the ways where products and revenues can be lost is another important factor for improving the effectiveness of the economy. We have the duty to preserve and wisely manage socialist property and accumulation--the great wealth of the people.

The fishing enterprises in Durres, Vlore and Sarande have been criticized for many years, but they are not emerging from their backwardness. In this regard, we must better execute the tasks assigned to us by the party so that we can teach specialists and the masses the meaning of advantage and profitability in socialism and how they are calculated, planned and achieved.

The leaders of the enterprises and cooperatives and our cadres, specialists, economists and finance workers must deal better with these problems, because the opportunities exist to eliminate the losses and lack of profits, which we have today, and to render all products profitable. The party recommends that we see everything with a well sharpened pencil in hand, with strict accounting.

Nearly every year there are cases of damages, abuses and appropriations of socialist property which reduce the profitability of the economy. We have the most damage in domestic trade, agriculture and in the light industry and food industry sector. Our task is to take all measures to radically improve work in the protection of property and to block every path and loophole which can lead to damages. To carry out a more severe struggle against the concept "the state has," or the ideas which consider state property as property "which does not have any owner".

We have had good experience at the "Enver Hoxha" autotractor combine, the "Steel of the Party" metallurgical combine, the plant for the production of instruments in Korce and the "Gogo Nushi" plant in Fier, in organization and control of economic and financial problems, and we must generalize this experience. In this field, internal control and the control by the means of the lek operate much better. However, we have work and production centers where control by the means of the lek and internal control are seen as tasks and functions which concern only specialists and finance sections and not all the sections and all workers in the enterprises and cooperatives; we must criticize this concept and this practice more severely. In this field, our economic and financial organs are assigned great tasks; as the party recommends, we must create a more healthy opinion and an intolerant and destructive atmosphere against damages and abuses by better developing the revolutionary vigilance of all workers. Every one who harms property and violates the laws must be submitted to the judgement and control of the party and the [working] class; he must pass through the eye of the needle, as the people say, because, not only he, but his comrade besides him and at the work center will be assigned and will tasks be educated.

Under conditions where our economy is developing at rapid rates, it is necessary to secure a more complete unity and harmony between production and distribution in order to increase socialist accumulation regularly and

continually. We stress this because there are cases showing that in some enterprises of the system of the Ministry of Light Industry and the Food Industry or of the Ministry of Industry and Mines, products are not distributed on schedule, thus, creating difficulties in satisfying the needs of the economy. There also are cases showing that the problems of applying contractual discipline are not thoroughly examined and analyzed, with responsibility, by the enterprise and cooperative directors. In this regard, the control of the economic and financial organs is not at the level required. In this field, economic and financial thought must speak its piece in a better manner by criticizing any concept which might underestimate the importance of the regular fulfillment of the production plan or the failure to distributed production on schedule thus becoming a reason for violating financial discipline.

Therefore, it is necessary to adopt measures to strengthen control over every link of the economy and, at the same time, to invigorate the work for the education, teaching and training of our workers, cadres and specialists. Also effective are the measures taken in regard to the strengthening of workers' control by presenting our problems to the party organizations and by adopting measures so that this control will become more evident in the more effective management of the economy. The main point is that we understand and implement the protection of property and the economic and financial policy of the party, without negligence and liberalism. We must always take into consideration the fact that the effectiveness of production and of expenditures is in the hands of thousands and thousands of workers, in whose hands pass the material and financial assets. Therefore, let us get a stronger grasp on the main problems which assure the improvement of the effectiveness of the economy. Let us severely criticize the opinion that the problems of effectiveness are monitored and analyzed only by government and economic organs and by specialists. The soliciting of the opinions of our workers, specialists, economists and finance workers in regard to this issue will provide the economy with more products, more savings and more accumulation.

9150

CS0: 2100/46

IMPORTANT CHANGES IN STRUCTURE OF TRANSPORTATION

Tirana ZERI I POPULLIT in Albanian 29 Jan 82 pp 2-3

[Article by Minister of Communications Luan Babameto: "Important Changes in the Structure of Transportation"]

[Text] The Eighth Congress of the Albanian Workers Party assigned great tasks for the development of the transportation sector which plays an important role in the regular and harmonious development of the economy through the satisfaction on schedule of the needs of production, consumption and service to the people. The work volume in goods transportation will be increased by 34-36 percent and in passenger transportation, 28 percent.

The high rates of development and the phase of large production require a large and organized transportation service. Also, the rational utilization of transport and the use of its capacity and the reduction of expenditures are important tasks, stemming from the principle of relying on our forces and from the strengthening of the system of savings at the level of the economy. For this reason, the party has always given attention to the improvement of the structure of transportation, giving priority to the development of massive and more profitable types of transportations.

In this framework, during the Seventh Five-Year Plan the rail transportation sector will be developed in a special manner.

As a result of its increased rates, 5.5 times higher than those of the automobile transportation sector, in 1985 the rail transportation sector will handle 47 percent of the total volume of transportation to be carried out by the enterprises of the Ministry of Communications. Along with the construction of new railway lines, the existing lines will be utilized more intensively.

"The implementation of these structural changes in transportation," Comrade Enver Hoxha stressed in his report to the Eighth Congress of the Albanian Workers Party, "requires new organizational forms and a number of other technical measures in order to intensify the utilization of railways and to increase the number of cars, to increase the mechanization of loading and unloading and the rapid movement of goods in the railway stations and so forth."

In regard to the execution of this directive, a special work is being carried out to correctly understand it and to form correct concepts opposing the old conservative traditions of small artisan transportation in every transporter and user of transportation. For this, a number of complex measures were taken and are being taken to make the rail transportation more capable of responding to the tasks in a complex manner. These measures aim, first of all, at establishing new forms of work organization in rail transportation itself; at harmonizing it with the other types of transportation; at establishing relationships between producers, transporters and consumers; at bringing the railway transportation service nearer to the sender and receiver of goods; and at organizing massive and rapid distribution of goods.

The year 1981 marked the beginning of an important shift for the intensification of the railway transportation sector. While, correctly looking at the observations and recommendations made in regard to better utilization of rail transportation and in regard to the limitation of duplicate runs in rail transportation, it was possible to transport, by railways, 700,000 tons more goods than in 1980; about 400,000 tons of new goods were transported by automobile and the specific share of rail transportation in the entire transportation of our system increased from 36 to 41 percent. At the same time, a great part of the inventory of vehicles was moved beyond the limits of the railroad, in order to better serve the rail transportation service. With these measures and on the basis of a more careful work in the movement of goods by all government departments, it was possible to work in this sector. Heavy rail cars are being constructed, and the modification of many cars resulting in the doubling of their volume in accordance with the needs of goods. Invigoration of the railroad machine bases will ensure that cars are serviced in the country and the majority of cars are domestically produced.

In strengthening the railway stations for the processing and rapid distribution of goods, in addition to the constructions in the construction enterprises which are planned, we are intensifying construction work in the economy, we are producing large cranes with high productivity for the mechanization of the loading and unloading of goods. Recently, the production of containers of various weights has begun; this will mark an important turn in the mechanization of work. The transportation of bricks and drainage tubes by means of basket containers is being solved and so forth. Now, the removal of goods from railway stations is better organized; this is one of the main factors in the good progress of work through the improvement of specialization of the inventory of the means at railway stations and the strengthening of relationships between major parks and stations.

The measures that senders and receivers of goods must adopt are decisive for the intensification of rail transportation. We must admit that the present work shows that a more correct understanding and better cooperation also exist in the other sectors. Nevertheless, there still exist harmful manifestations; in some cases there are retreats in the face of the first difficulties; and there are unjustified demands. In regard to the tasks of the current year, particularly, there should be a closer cooperation and a timely execution, by all sectors of the economy, of the measures set for the mechanization of loading and unloading of goods, the extension of the storage space

and the improvement of packaging and wrapping of goods, because, any bottleneck in this field obstructs railway transportation.

In the complex of the measures adopted to strengthen the railway sector, of particular importance are: the raising of the scientific level of management, the setting up of a conscientious and steel-like discipline in work, the improvement of the level of responsibility of every worker and the control over the execution of tasks and regulations in this sector.

In the Seventh Five-Year Plan our merchant fleet will also be further strengthened with new vessels built with our own forces so as to better respond to the structure of our export-import and domestic sea transportation sectors. For the best utilization of the capacity of our fleet, measures are provided for reducing the time needed for the repair of vehicles and the time needed for loading and unloading; measures are also planned for a better coordination of work with foreign trade organs. Our coastal transportation will be intensified by the means of the construction of new piers. Water way transportation will be utilized for the first time on the lakes of the Drin river. In this connection, the study of waterway transportation from Kukes to Vau i Dejes has been terminated with the completion of the Koman hydroelectric power station. The transportation of timber and of passengers began last year on the Kukes-Fierze lake by using some means produced at the shipyard; from now on, this type of transportation will be further expanded.

Automobile transportation has been zoned and will be further zoned in harmony with the measures to intensify and expand railroad transportation, taking into consideration the tasks for intensifying agriculture in the coastal areas. Despite the work done by workers in this type of transportation, some anxieties and deficiencies, which have been created, are connected, first of all, with weaknesses in the management and coordination of work. The general action undertaken during the August-October period of last year, especially, for the extraction of timber and firewood, taught us many things which will serve as an experience in planning the work method for the current year.

Which are the main links on which attention has been concentrated for the regular fulfillment of the 1982 tasks? The main thing is increasing technical readiness and the use of the means, areas in which we have had nonfulfillments and noticeable differences connected with the organization and management of work in motor parks, with the establishment of a strong technical discipline and with technical material supply. Of importance in this field are the examination and assimilation of the progressive experience of hundreds of vanguard drivers. At the same time, concrete tasks have been set, on the basis of studies, for the specialization of automobile workshops and for invigorating motor parks.

On the other hand, the narrowing of the sphere of action of automobile transportation, its expansion into remote and difficult areas of the country and the reduction of distances in the circulation of goods dictate the need for expanding work with two drivers, the specialization of the means, the mechanization and extension of work time for sending and receiving goods.

Finally, the work with trailers and half-trailers is a great reserve in order to fulfill the transportation needs with fewer vehicles and with smaller expenditures. Increasing the number of trailers, increasing their capacity from five to eight and 10 tons, adapting roads, making experiments on self-loading trailers, working with exchangeable trailers and so forth are the main directions where work is being carried out in the transport enterprises. Great reserves in regard to the use of trailers exist, especially, in the motor parks of other government departments and in the transportation sector of the economy, where the trailer-truck ratio is still very low.

When we refer to better utilization of the means of transportation, we take into consideration all the types of means beginning with the simplest which are a great and essential reserve for the economy. The tendency to execute any type of transportation by vehicles alone is harmful if this is not necessary. The greater utilization, in the future, of cableways, canals, narrow gauge railroads, and of transporters in mines, forests and production centers, the construction and collection of wagons and oxcarts in the agricultural cooperatives and so forth not only will profitably fulfill a great part of the needs for means of transportation, but also will greatly help to improve the level of the utilization of the main transportation system. A good experience exists in this direction; a number of tasks have been scheduled; but, in this field there is room for the work to be further examined and scheduled on the basis of studies which are being carried out.

The initiative and pledges which the workers of the transportation sector have assumed in the spirit of the directives of the Eighth Party Congress to fulfill and overfulfill the tasks, the experience and the wonderful example of tens and hundreds of vanguard workers, the great readiness and unshakeable conviction in the correct line of the party are a guaranty of the fulfillment of the important tasks assigned to the transport sector for 1982 and during the Seventh Five-Year Plan.

9150

CSO: 3200/45

SCIENTIFIC-TECHNICAL COOPERATION WITH INDIA REVIEWED

Sofia TEKHNICHESKO DELO in Bulgarian 23 Jan 82 p 11

[Article by engineer Petko Lukanov]

[Text] Relations between the People's Republic of Bulgaria and the Republic of India have developed in the spirit of friendliness, mutual respect and multilateral cooperation since the first days of their diplomatic establishment in 1954. They are an example of ties between two countries with different social systems which are connected by the mutual desire to strengthen peace, understanding and cooperation between peoples. Now they are regulated by a number of intergovernmental documents, including the most-favored-nation clause.

Without question, the meetings and talks of the general secretary of the Central Committee of the Bulgarian Communist Party and chairman of the State Council of the People's Republic of Bulgaria, Todor Zhivkov with Mrs Indira Gandhi, prime minister of the Republic of India made a great contribution to the fruitful development of Bulgarian-Indian cooperation.

Much attention is being devoted to economic and scientific and technical collaboration, the first agreement having been signed in 1967. Later the Joint Bulgarian-Indian Commission for Joint Economic and Scientific and Technical Collaboration was established.

The main form of economic inter-relationship is commodity exchange. India is one of Bulgaria's active foreign trade partners. It is sixth on the list of commodity exchange with Bulgaria out of 73 developing countries with which we trade. Our trade exceeds \$60 on an average annual basis, and it is anticipated that it will be twice as large this year as compared with 1980. With the activation of the two partners and diversification of export lists and forms of trade, commodity exchange can grow to \$200-250 million and more in the next 3-4 years.

Other forms of economic collaboration are financial credits and export of complete projects. With Bulgarian financial and scientific and technical assistance, 12 enterprises of the food, wine and tobacco industries, a

factory for producing gamma globulin and albumin, a leather goods plant and a plant for sulphuric acid in the fertilizer complex in the city of Sindri have been built in India.

The first steps in using new forms of economic and production collaboration have also been taken. A concrete example in this direction is the joint Bulgarian-Indian pharmaceutical enterprise "Kyurvel" near New Delhi.

Through its sessions, the Bulgarian-Indian commission contributes to expansion of economic and scientific and technical cooperation. Subcommissions on agriculture, the chemical industry, machine building, electronics, etc., which work out concrete questions and indicators of the mutual cooperation and assistance have been set up under the Commission's jurisdiction.

During the spring of 1974, the DKNTF [State Committee for Science and Technical Progress] and the TsS [Central Council] of NTS [Scientific Technical Union] organized days of Bulgarian science and technology in India with an exhibition. By this measure, the business communities, specialists and Indian society were acquainted with the achievements of our electronics industry, automation, equipment building, machine building, chemistry and metallurgy.

A number of delegations have been exchanged, and various institutions and production units have accomplished intensive scientific and technical exchange. Space research collaboration has also expanded. Our prominent specialists and scientists were sent to India to study individual questions and problems in the joint development of various areas of the national economy.

In March, 1981, the DKNTF signed a program with its Indian partners for scientific and technical collaboration during the period 1981-1985, whereby the prerequisites were established for expansion and activation of this collaboration in joint scientific research and development of various areas and for closer ties between the scientists and scientific institutes of the two countries.

With the signing of the joint Bulgarian-Indian declaration by Com Todor Zhivkov and Mrs Indira Gandhi in November 1981 new possibilities for more active economic and scientific and technical collaboration between Bulgaria and India were opened. Within this document, the question is posed of development of economic and scientific and technical collaboration according to plan. It will be on a long-term, stable basis so that the economic and scientific potential of the two partners can be used most effectively.

It is recommended that the methods and the means for collaboration be diversified and that they pass on to balanced growth and development. The experience which exists in industrial cooperation and assistance is to be expanded by creating mixed enterprises and partnerships. Given the analyses which have been made, it may be seen that real possibilities exist for their functioning in the area of light industry and the food, wine and tobacco industry, in machine building, power engineering and other spheres.

Fine prospects for building production facilities in India based on the original Bulgarian method of casting using gas back pressure, for installation of microcomputer technology and other equipment are outlined. Collaboration between Bulgarian economic and foreign trade organizations and Indian engineering organizations for export and construction of complete units, automatic lines and equipment to the two countries, as well as to third countries is still in the initial stage. There are great possibilities for using Bulgarian experience in Indian agriculture. For the first time, our country will provide assistance in the construction of APK [Agroindustrial Complexes] in the states of Bihar and Karnataka.

It is expected that joint scientific research and technical developments in machine building, electronics and metallurgy will be activated. Specialists from the two countries can expand their collaboration in such areas as metal corrosion, 'tropicalization' of equipment, refrigeration, the microbiological and textile industries and in space research.

The first steps in carrying out this declaration have been taken--on 27 Nov 1981, an agreement for creating a Bulgarian-Indian mixed enterprise for production of 300,000 pair of gloves per year was signed in Sofia.

The interests of the two friendly countries dictate that the mutual economic and scientific and technical collaboration be broadened and deepened.

9194

CSO: 2200/58

PRICE POLICY DISCUSSIONS, EXPLANATIONS PROVIDED

Price Increases in Public Catering

Prague RUDE PRAVO in Czech 5 Feb 82 p 2

[CTK press release, dated 4 February 1982: "Bulletin from the Federal Price Office"]

[Text] On Thursday, the Federal Price Office issued a detailed explanation related to the price increase in public catering. In this bulletin it was announced that:

In addition to an increase in the retail prices of certain types of meat, meat products, poultry, game, fish, fish products, grape wines, certain types of liquors and tobacco products, a decision has been made to integrate these new retail prices into public catering prices, i.e., above all in restaurants and cafeterias of all price groups.

Moreover, the new retail prices of restaurant food have been calculated on the basis of 1982 retail fruit and vegetable prices because the existing calculational prices used to value the fruits and vegetables in specific dishes had been in force without change since 1973. These prices were lower than the current retail prices at which public catering firms procure vegetables and fruit.

In recent years there has also been criticism of the fact that in restaurants the percentage of meatless dishes in which there is an interest, is declining. The reasons for this are to be found in the high labor intensiveness of meatless dishes and the higher costs of dishes from fruit and vegetables which were not covered by valid prices for the ingredients. For this reason, approval has been given for the inclusion of a special surcharge of up to 40 percent on new retail prices for these dishes.

This surcharge is being applied differentially, but in particular to meatless dishes with greater labor intensiveness and to dishes for which there is an interest because of the raw materials that make up their chief ingredients. For instance, in restaurants of the fourth category with service, plum dumplings cost Kcs 7.30, raised dumplings with jam Kcs 6.90, crepes with

preserves (short-order) Kcs 6.00, skubanky with poppy seeds Kcs 4.50, halusky with clotted sheep-milk cheese Kcs 5.90, and potato pancakes Kcs 1.80.

At the same time, this purchase does not apply to some kinds of meatless dishes, for instance to dumplings and eggs (4.80 korunas), and fried cheese--short-order (Kcs 4.40).

The new retail prices of all kinds of dishes, and especially of main dishes, soups and pastries are calculated to reflect the specific types of fresh fruits and vegetables at the prices for which they have been procured by the restaurant. For these reasons, there are increases in retail prices of certain vegetable side dishes, such as sauerkraut, peppers, pickles, and soups while, in addition to meat, the current prices of vegetables are being included in certain dishes, such as svickova, znojmo roast beef, and others.

Retail price changes in public catering likewise apply to dishes of the so-called cold cuisine, such as garnished sandwiches, deviled eggs, salads and the like. These products are sold in restaurant catering firms and also, at fourth price-category prices in the delicatessen divisions of food stores.

Within this group of dishes, the retail prices are being raised of those products which contain foodstuffs whose retail prices were increased as of 30 January 1982, i.e., meat in particular, smoked meat products, sardines in oil, sardine paste and other fish specialties.

The retail prices of other delicatessen products are not being changed. In instances where such products were sold for increased prices in the initial days following the change in retail prices, adjustments will be made to prices applicable prior to 29 January 1982.

There were sales at increased prices of certain milk and confectionary products prepared in the kitchens of commercial and cooperative organizations according to individual enterprise recipes as products for restaurant catering. In these cases, prices are to be modified to their original level.

At the same time, a directive has been issued that the control agencies of national committees, commercial inspection and price control, monitor the adherence to all valid and newly established prices and take proper actions in instances of pricing violations.

Price Increases Explained

Prague SVET HOSPODARSTVI in Czech 2 Feb 82 p 2

[Article by Eng Stanislav Hejduk, deputy minister of the Federal Price Office: "On the Adjustment of the Retail Prices of Certain Foodstuffs"]

[Text] In the course of the building of socialism in our country, we have achieved a high level of satisfaction of the material and spiritual needs of the population. This is characterized by a high level of personal consumption, which has risen 4.2 times since 1948, and of social consumption, which

is 3.7 times as high as in 1961. This data documents concisely the care given by our society to increasing the living standards of workers. Particularly significant increases have been attained in annual per capita food consumption which, for meat and meat products has increased since 1953 from 42 kilograms to 86 kilograms, for milk and milk products from 196 kilograms to 233 kilograms, for eggs from 183 to 316, and for sugar from 29 kilograms to 38 kilograms. This level of food consumption ranks our country among those with the highest nutritional standards. The level of outfitting of households with consumer durables is also high, with 124 washing machines, 92 refrigerators, 112 televisions and 42 automobiles for each 100 households. It is widely known that health care, social security, education and culture are at world levels.

The above data demonstrate the correctness of our policy, but also indicate how difficult it is for our economy to maintain and increase the quality of the high living standard which has been achieved for our population and further to strengthen its social certainty.

The national economy of the CSSR has been more and more influenced in recent years by external economic conditions, especially by the great increases in prices of raw materials. Between 1970 and 1980, their price level increased 7.2 times, while there were smaller increases in the prices of finished industrial goods. For Czechoslovakia, which is dependent on the extensive importing of raw materials, the above price trend is very unfavorable, because to assure an equal volume of imports we must export far more industrial products. We must even cover some needs for foodstuffs and fodder with increased imports.

In spite of the fact that the level of agricultural production in the Sixth Five-Year Plan was higher than in preceding periods, the development of livestock production was substantially dependent on fodder imports. During the above period, we imported an annual average of about 1.6 million tons of grain to assure livestock production. Given price increases, this level of imports placed great demands on foreign-currency resources in free currencies, with the differences between the internal and higher import prices covered from the state budget.

Therefore, the Sixteenth CPCZ Congress once again emphasized the necessity of gradually achieving self-sufficiency in grain production and further increasing overall self-sufficiency in food production. The congress mandated that foodstuff production be assured to an ever increasing extent from domestic resources, because it is impossible to continue along the path of increased imports. It is, therefore, essential to utilize more efficiently underutilized internal capacity, to assign priority to an increase in plant production, and to achieve an increase in livestock production primarily by developing cattle husbandry, the nutritional requirements of which demand less concentrated fodder.

A characteristic feature of the development of food consumption is, above all, a substantial increase in the consumption of meat and meat products. Meat represents one-fourth of retail foodstuff turnover, is available to

every citizen, and is more and more in demand with the increase in the money increase of the population.

Annual consumption of meat and meat products has more than doubled in comparison with 1953, when the relationships between retail food prices were basically established. In per capita meat consumption, we occupy one of the leading positions in the world.

The rapid increase in meat consumption has also had a decisive influence on the formation of the structure of agricultural production. Above all, the numbers of swine have increased 43 percent (since 1970), thereby increasing demands for concentrated fodder. Data indicate that during the Sixth Five-Year Plan roughly one-fourth of all meat consumed was raised on imported fodder. Given import prices and domestic processing costs, the price of a kilogram of meat prior to 30 January 1982 was subsidized at a level of 40 percent. In other words, Kcs 18 of the price of a kilogram of meat was covered from all-society resources, Kcs 13 of a kilogram of veal, Kcs 4 of a kilogram of chicken and duck, and Kcs 13 of a kilogram of turkey.

Relatively low meat prices and a lack of differentiation between them have inadequately influenced the direction of consumption and resulted in continual pressure for additional increases in amount and, particularly, in mix, which have been assured only with difficulty. Few consumers are aware that per head of beef there are only 16 kilograms of roast and 5 kilograms of svickova, 13 kilograms of boneless shank per head of swine, and 11 kilograms of dressed pork roast.

The valid level and relation of the retail prices of meat and meat products have come into greater and greater conflict with the potentials of society for the assurance of further increases in meat production and have resulted in the necessity for adopting essential pricing measures.

The CSSR Government therefore, to create a more favorable balance between consumption, on the one hand, and supply, on the other hand, has decided to raise the retail prices of certain types of meat, poultry, game, fish and of products produced from these raw materials, and to integrate the new level of prices for these products into public catering prices.

This increase in retail prices is being implemented in connection with quality and demand for specific types of meat. For instance the prices of pork sides, frontal beef with bones, and of innards, with the exception of liver, are not being increased. In all, the retail prices of 31 percent of all cuts of meat will remain the same. While there are moderate price increases for frontal beef without bones from Kcs 20 to Kcs 22 per kilogram, of spare ribs with bones from Kcs 26 to Kcs 36 per kilogram, of breast and neck of veal from Kcs 15 to Kcs 18 and Kcs 16 to Kcs 20 respectively, and of chickens from Kcs 22 to Kcs 24, there will be more substantial increases in the prices of those cuts of meat which form a small percentage of slaughtered animals, for instance of roast from Kcs 33 to Kcs 55 per kilogram, and of pork loin for chops from Kcs 35 to Kcs 60 per kilogram.

Prices will not change for 69 percent of smoked products. Of the smaller smoked products such as frankfurters, fatty sausages and wurst, prices will not change for 90 percent of the product mix, for soft salamis for 86 percent of the product mix, and for practically 100 percent of the product mix of boiled products such as liverwurst, blood sausage, and sausages, for 100 percent of roasted products (the meat loaves), and for 100 percent of other meat products, such as white and wine klobasy, the prices likewise will not change. The prices will change for half of the products in the groups containing long-lasting salamis, specialties, and smoked meats, mainly for the higher quality products.

In connection with these price adjustments, measures have been adopted to increase deliveries of butchered, packaged, and kitchen-ready meats directly from the meat industry. In Prague, the percentage of this kind of meat is to be increased from 10 to 20 percent of deliveries to stores. Likewise, employees of food stores have been assigned the responsibility of cutting unpackaged cuts of meat into steaks, chops, and cutlets according to preference of the customer. These measures are by way of moving toward increased consumer protection.

The government has also decided to double the price of rice. This was the result of a 300 percent rise in its price over the past decade and the fact that with the retail price of top-quality rice fixed at Kcs 5 per kilogram, the administrative costs amounted to Kcs 12, with the result that the low price led to waste in rice consumption and even, in part, to its use as feed.

It has also been decided to increase the prices of cigarettes and tobacco products. Consumption in this area has grown 45 percent in the past 10 years and in view of the fact that cigarette and tobacco production is 86 percent dependent on imported raw materials, this production has placed ever greater demands on the nation's balance of payments. It is generally known that cigarette consumption has a negative influence on the health of citizens. Therefore, in accordance with health requirements, the retail price of cigarettes has been increased 30 percent. The most substantial increase was in the retail price of Sparta cigarettes, which had become the object of speculative sales. The prices of individual types of cigarettes and tobacco have been graduated according to quality and the relative percentages of imported and domestic tobacco.

Concurrently, the government has decided, in connection with problems in the satisfaction of demand for wines and common liquors, to raise the retail prices of wine, the price of which will rise an average of 18 percent, along with an increase of 19 percent in the price of domestic rum and 24 percent in the price of domestic vodka.

Increases in the prices of rice, cuts of meat, poultry, game, fish and products from them will be integrated into the prices of dishes in restaurants, with price levels being graduated according to the specific price groups of restaurant operations.

In the area of factory catering for workers because of the interest in the further development of this progressive program, only half of the increased food prices will be passed on to those who patronize these facilities, the other half being covered from the state budget. Taking into account the current structure of food available in factory cafeterias, the increase per worker will amount to about 45 halers per meal.

In school and student cafeterias, at day-care centers and kindergartens, and in hospitals, the appropriate financial constraints for catering are being adjusted so that the value of meals will be retained at its current extent, with compensation for the price increases to be fully covered from the resources of the state budget. The increased costs of feeding children and young people resulting from the changes in the retail prices of meat and rice will not, therefore, be transferred to the budgets of families with children.

Since the increased retail prices of meat, meat products and rice have an impact on family budgets, the CSSR Government has decided to moderate this influence by increasing pensions, child allowances, and by other measures in the area of social and health assurance, and in the care of families with children.

Above all, the lowest pensions will be adjusted upward by Kcs 100 per month, and other pensions by Kcs 40 per month, provided this pension is not in excess of Kcs 1,200 per month, and by Kcs 30 if the pension in question is in excess of Kcs 1,200 monthly.

Likewise, child allowances are being increased Kcs 40 per month. This measure, along with an increase in the monthly maternal allowance and the compensational allowance to wives of soldiers in basic service of Kcs 100 per month, and the allowances for children of these soldiers, amounts to a total of Kcs 2.6 billion and, together with the measures adopted in pension and health assurance, to almost Kcs 5 billion.

Within the framework of these measures, the allowances which national committees provide for pensioners who are ill with diabetes or tuberculosis are also being increased. At the same time, both pensioners and families with children and a low income level may receive from national committees additional material and financial allowances according to the social urgency of individual cases.

In the future as well, we will pursue an objective in our retail price policy--the maintenance and further increase in the quality of the standard of living which has been achieved. This will, however, be dependent on how well we succeed in increasing labor productivity and on how we succeed in fulfilling the strategic line of the 16th CPCZ Congress concerning the assertion of efficiency, quality and frugality. There is no doubt that prices, even retail prices, have an economic role in addition to their social function. In this it is completely valid that we may not sell more cheaply on the domestic market than what something costs when purchased abroad or produced at home. This is the essence of the harsh reality stemming from the

current external and internal economic conditions. This is the point of view from which it is necessary to judge the price measures which have just been introduced to be aware that pricing policy will depend on the results of the work of every labor collective and of each of us.

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SED CALLS FOR AGRICULTURAL PRODUCTION CONSOLIDATION IN 1980'S

East Berlin EINHEIT in German Vol 37 No 2, Feb 82 (signed to press 13 Jan 82)
pp 130-138

['Our Agriculture in the 1980's' feature article by Werner Felfe, SED Politburo member and Central Committee secretary for agriculture: "Socialist Agriculture, Forestry and Foodstuffs Industry in Step With the 1980's"]

[Text] Relying on the cooperative farmers and the workers in agriculture, forestry and the foodstuffs industry for making a positive contribution to our economic balance sheet, and in preparation for the Twelfth Farmers Congress, the tasks of that contribution are presented for the high performance improvement that is needed, as analyzed at the Third Central Committee session. What is mainly needed is a better performance on the field and in the stables with a more favorable cost/benefit ratio. To that end, it is necessary comprehensively to use science and technology, consolidate the LPG's and VEG's, deepen cooperation, and continue the use of all forms of cooperative democracy.

The 10th SED Congress has resolved to extend purposefully the main task policy in its unity of economic and social policy throughout the 1980's. Thereby our party stays on its tried and tested course of elevating the people's material and cultural standard of living through a high developmental tempo in socialist production, increased efficiency, scientific-technical progress, and growing labor productivity. This policy, introduced by the Eighth SED Congress, has brought an important performance increase in the GDR economy and ongoing improvements in the working people's working and living conditions. The main task in its unity of economic and social policy has stood up well in life and made the advantages of socialism altogether apparent. The produced national income from 1971 to 1980 came to a volume of M 1,453 trillion, approximately as much as between 1951 and 1970. That is a joint achievement of the workers class in alliance with the class of the cooperative farmers and all working people under our party's leadership.

At the Third SED Central Committee session, Comrade Erich Honecker, general secretary of the SED Central Committee, affirmed: "The unity of economic and social policy turned out to be a tremendous impulse for the dynamics marking the development of the first workers and farmers state on German soil within the last decade."¹

The cooperative farmers and the workers in agriculture, forestry and the foodstuffs industry have contributed to this positive balance sheet. They made sure the population would be reliably supplied with foodstuffs at increasing per capita consumption. Agriculture, forestry and the foodstuffs industry provide our country with more than half of its primary raw material needs. In the last five-year plan, agriculture accomplished the highest production volume thus far. Between 1976 and 1980, 8.7 million tons more were produced--in terms of grain units--than between 1971 and 1975. The production of fat stock and eggs rose more than 12 percent, milk production, by 6 percent, and wool, by 30 percent.

That development relies on the consistent consolidation of the alliance between the workers class and the class of the cooperative farmers. It is the political foundation of socialist society and is constantly being deepened as an inseparable component of our sound scientific strategy and tactics for the continued shaping of the developed socialist society in the GDR. Our party has always paid great attention to the tasks in consolidating the alliance between the leading workers class and the peasantry. Time and time again it has linked what was general in the approach of Karl Marx, Friedrich Engels and V. I. Lenin in agricultural and alliance questions with the concrete conditions in the GDR's historic development. We always enjoyed the valuable aid of the CPSU, in word and deed, whenever it was a matter of "correctly determining and implementing the measures necessary for leading the peasantry, for a firm alliance with it, and for a long series of gradual transitions toward a socialized, mechanized agricultural large-scale operation."² The creative application of the Leninist cooperative plan and a strict attention to the fact that its principles remain fully valid especially after uniting all farmers in LPG's made possible the high level of social and economic development in our agriculture. Characteristic of it today are modern agricultural production cooperatives and an educated class of cooperative farmers. In the process of the continued shaping of the developed socialist society and its agriculture, the class of the cooperative farmers will further boost its capacities and capabilities.

The LPG's and their cooperative facilities handle 87.6 percent of the GDR's farm acreage. Producing 95 percent of the crop and 77 percent of the animal production the state requires, the LPG's with their cooperative facilities are the main producers of agricultural goods. There are 1,065 crop production LPG's, 2,819 animal production LPG's, 69 crop production VEG's and 332 animal production VEG's, which together with their cooperative facilities have demonstrated a high production and development level of rural socialist production relations.

Our agriculture's dynamic development has been and remains an overall economic task. Many new socialist emulation initiatives for 1982 come from the certain conviction that an important performance improvement of agriculture is a political task of the first rank, and they also come from the high tribute paid to the industrious efforts of the cooperative farmers and the workers in agriculture, forestry and the foodstuffs industry by Comrade Erich Honecker at the Third SED Central Committee session.

The cooperative farmers of Kerspleben and Udestedt, Erfurt Bezirk, the forestry workers of the State Forestry Enterprise of Muellrose, the workers in the

livestock processing enterprise of Cottbus and in the Templin kreis enterprise for farm equipment are announcing targets in their emulation programs for 1982 which are in step with the 1980's. The Third SED Central Committee session has asserted that also in agriculture we are facing challenges that cannot be measured with yardsticks of the past anymore. The main task of socialist agriculture, forestry and foodstuffs industry, in implementation of the 10th party congress resolutions and under the new conditions which were analyzed at the Third session, is stably to ensure public food and industrial raw material supplies at increasing rates while further reducing grain and fodder imports. Vivid and imaginative political-ideological work is demanded of every basic organization by these new requirements.

Foodstuffs and raw materials, as one knows, play an increasing role in the international class conflict between imperialism and socialism. So it is all the more necessary to increase our own production further by way of intensification, especially in grain and livestock feed grains.

Three decades have passed since the historic resolution of the Second SED Conference to set up agricultural production cooperatives--three decades throughout which the LPG's, as efficient basic socialist production forms in agriculture, have had a decisive share in stably supplying the population and industry with raw materials. Comrade Erich Honecker, thus, had every good reason to state in the Central Committee report to the 10th party congress: "Life keeps confirming that rural socialist production relations are part and parcel of a socialist order. On that basis, essential rural and urban differences are being reduced further."³

The 10th Party Congress Tasks for the High Performance Improvement Required

With the 10th party congress we have entered a new phase in the implementation of the party program. Our party took into account in its resolutions that the internal and external conditions for the continued shaping of the developed socialist society have changed considerably. That is true of our greatly increased material-technical base as well as of the grown intellectual-creative potential of the working people. Scientific-technical progress increasingly pervades the entire economic reproduction process.

Developed socialist production relations and a higher production socialization level permit a great performance improvement. The great social achievements attained encourage that to a large extent. There are penetrating changes in the conditions and opportunities for using the natural resources and the energy and raw material base. Further deepened also has the political, economic and scientific-technical cooperation with the Soviet Union and the other countries in the socialist community.

The constant consolidation of our fraternal alliance and the deepening and all-round extension of the cooperation among the countries in the socialist community, as Comrade Erich Honecker emphasized at the Third SED Central Committee session, are "not only of fundamental importance for the further advances in a given country. More than ever it turns out today that the strengthening of our community, its unity and cohesiveness, has great bearing on the class conflict with imperialism and its confrontation policy."⁴ The international class conflict has sharpened

at increasing tempo; world peace has not been threatened as seriously as it is now since the end of World War II. The socialist community must pit against the arms buildup of NATO, especially of the United States, the requisite means for the protection of socialism and the safeguarding of peace.

Among the altered external conditions are the higher prices and raw material shortages on the world market and the imperialist policy on high interests.

Our party has the distinction of having analyzed the new internal and external conditions in good time and having explained how, in view of the changed situation, the tried and tested policy that is aimed at the people's well-being, the further strengthening of socialism and the safeguarding of peace can be implemented in the 1980's. This finds its persuasive expression in the economic strategy for the 1980's, which the 10th SED Congress issued, and which places qualitatively new demands and requirements on all economic areas. This must also be implemented in full in our agriculture, forestry and foodstuffs industry. The 10 key points in the economic strategy for the 1980's and the special tasks announced by the 10th party congress for improving the economic performance of agriculture, forestry and the foodstuffs industry will determine the conduct of all cooperative farmers and workers in these economic branches for years to come.

In crop production, we must by 1985 achieve a total yield of from 43.7 to 44.2 decitons of grain units per hectare of acreage. Within the scope of socialist emulation, we must engage in an effort to exceed that objective by annually at least 0.7 decitons in grain units. The task in animal production is to provide, by 1985, 2,400 kilotons of meat livestock, 6,930 kilotons of milk and 4,720 million eggs for feeding our population. Forestry will have to provide by 1985, 10.2 million cubic meters of trunk timber. To preserve and increase the yield of our forests, reforestation and forest maintenance measures are to be increased. Special attention must be given to improving the landscaping and to keeping our woods in good shape.

The most important are efforts for highest and stable yields in all farm varieties. First and foremost comes the grain and the livestock feed grains. The key issue there is raising grain production by 1985 to at least 10.4 million tons. That calls for an essential increase of yields per hectare to 39.5 decitons by 1985 and an expansion of the grain acreage by at least 120,000 hectare. Comrade Erich Honecker stated at the Third Central Committee session: "One can today, absolutely, equate the grain problem in rank with the oil problem."⁵ Imperative for increasing yields per hectare are fine cultivation, lasting improvements in soil fertility through a good quality of fieldwork, and adequately supplying the soil with organic substance. Even Karl Marx pointed out that the earth, if treated correctly, improves continuously.⁶ The soil is the basis for food, an inexhaustible raw material source and a significant environmental factor. One cannot add to it but can improve its fertility through a good quality of labor and the rational use of social funds on the basis of modern science and technology.

The GDR has only 0.37 hectare of acreage per inhabitant. So we must maximally and properly use each square meter of soil during the entire vegetation period. That is the purpose of long-range programs on efficiently using the soil. They have to be further improved and implemented rigorously.

In animal production, it amounts to higher performance per animal with high and stable cattle stocks. For that there is only one guarantee: More livestock feed from our own territory, and this in such a way that it conforms with the performance potential of the animal stocks and allows the available livestock feed concentrate to be used in a targeted manner and for the highest benefit. Of special importance is the production of energy-rich basic fodder. Hay must also be produced at a larger extent, and the pasturage economy must be expanded. A better use of pasture land, which comes to circa 20 percent of our agricultural acreage, constitutes a great reserve for it. Furthermore it is necessary to tap all other fodder reserves, even those outside of agriculture. Examples are the use of kitchen offal or broken tracts. The animal production collectives have the task to improve the livestock feed economy noticeably, reduce animal losses and get better breeding results.

Natural interrelations between crop and animal production call for developing the unified reproduction process in any given territory more and more proportionately. What matters particularly is to pay attention to the interrelations between crop and animal production and to have all participating partners engage in the effort for increasing yields on the fields and for better performance in the stables while the entire reproduction process is becoming increasingly more efficient. It is a task that has to be thoroughly clarified, politically and ideologically, for the cooperative farmers and be systematically organized.

The main road for the needed performance improvement in the 1980's also is in agriculture a still closer linkage between the advantages of socialism and the achievements of the scientific-technical revolution. In its agricultural policy, our party has always taken Lenin's remark to heart "to aim capacities at directing agriculture at new tracks, changing it into a production branch relying on science and technical accomplishments."⁷ This orientation has borne fruit. Today, the remark the 10th party congress made about our entire economy also fully applies to agriculture, forestry and the foodstuffs industry: Scientific-technical progress also is in this important economic area the chief reserve for higher achievement; there, as everywhere else in the process of shaping the developed socialist society--as even Lenin emphasized way back--it has to be "made useful for broader strata."⁸

That calls for close cooperation between science and production. What is wanted are greater results of scientific work that will make a difference economically, measured against international top achievements and securing the needed scientific lead. Solid training and advanced training for the cooperative farmers and workers, a broad spread of experience exchange, of the innovator movement and of performance comparison are the ways by which science data can fastest be converted into higher production. Also in the fields of science and technology we shall further deepen our cooperation with the Soviet Union and the other fraternal socialist countries.

The supreme precept is placing future investments for highest benefits. That would suggest the following sequence: Improving soil fertility, creating simple storage capacities, mainly for livestock feed, converting heat producing plants to rough lignite, setting up simple sheds for farm equipment, rationalization and reconstruction of stables, and rationalization and reconstruction in the foodstuffs industry.

Agriculture, forestry and the foodstuffs industry have large capital assets and a great proportion of modern equipment. Capital assets in agriculture in 1980 rose to more than 180 percent over 1970. In using these funds, we cover a broad spectrum of tasks of economic importance. Through exemplary care, maintenance, putting aside and preserving our equipment and through properly operating it, its operational capacity is to be increased and repair expenditures are to be reduced. It is as much in the economic interest as in that of each LPG and VEG to extend the working life of the equipment. All funds are to be invested economically, based on exact standards. The absolute major aspect is getting energy consumption down, especially heating oil, diesel and carburetor fuel, and hard coal. It furthermore is imperative to combine a rational energy use, working procedures that are favorable in terms of our energy economy, and rational operational and labor organization with tapping other obtainable energy and alternate energy sources. Efficient economic management in general calls for ensuring increased production while yet reducing specific capital investments. That also then includes the task to replace as much as possible the consumption of synthetics and other petroleum products, for instance in ameliorations, by products made of domestic raw materials.

The achievements of our socialist agriculture are being effectively supplemented by the individual output of the cooperative farmers and workers, the members of the Union of Small Gardeners, Settlers, and Small Livestock Breeders, and other small producers. Their possibilities must still be more encouraged, especially for producing fruit, vegetable, bee's honey, rabbits, eggs, geese and skins and many other commodities. The very many different local livestock feed reserves are of great importance here. Supporting the small producers should always be an important concern of the LPG's, VEG's and communities. The Peasants Mutual Aid Associations (Peasants Trade Cooperatives) have been assisting, above all, the small producers through means of production and subsidiary means.

The purpose of all projects and initiatives is to increase yields and performance while critically improving the cost/benefit ratio. That implies a resolute effort everywhere to reduce any kind of loss radically. No careless handling of foodstuffs and agricultural raw materials must be tolerated.

All this is decisive to having the contribution of socialist agriculture to the national income rise by M 1 billion up to 1985.

A great responsibility for economic performance improvements in socialist agriculture goes to the workers in the kreis enterprises for farm equipment, repair plants for farm equipment and the other enterprises for farm equipment and agricultural and amelioration combines. The yields and achievements in primary agricultural production to a large extent depend on their work being proper as to quality and schedules.

All-round Consolidation of the LPG's and VEG's and Deepening of Their Cooperation

The performance growth of our socialist agriculture is primarily determined by an all-round consolidation of the LPG's and VEG's and the deepening of their cooperation. That is true to a special degree with respect to the demands for the 1980's. That is why the 10th party congress posed the task "to consolidate all-around the agricultural production cooperatives and the crop and animal production VEG's and their cooperative facilities."⁹

What matters here, is increasingly better exhausting the great possibilities inherent in the cooperative ownership in the means of production for tapping significant performance reserves. Each LPG must create the conditions, through a sound political-ideological work of its basic organization, expert management activity by its board and all executive cadres, the consistent application of socialist industrial management, and mainly by developing cooperative democracy, which will induce the cooperative farmers, male and female, to conduct with great initiatives the struggle for high yields and achievements while reducing specific expenditures. Imperative for deepening cooperative democracy are regular plenary meetings, department and brigade conferences, vivid activity by the various commissions and many other forms of democratic participation. They reflect the common creative efforts of all farmers with respect to cooperative concerns and the responsibility of each to the cooperative. Thereby the rich experiences of the cooperative farmers flow into cooperative life for the benefit of all. No LPG can do without it when it is a matter of tapping all potentials in cooperative production. The best results are therefore achieved where work is placed resolutely on the statutes and industrial regulations.

The status of intensification attained as well as that of social development, and the high demands made on efficiency growth and effectiveness in each LPG, VEG and enterprise, call for a high-level of management, planning and production organization. A significant improvement in the cost/benefit ratio, a reduction in the expenditure of embodied and live labor per commodity unit, and a reduction in prime costs are possible only if thorough and conscientious computations are made everywhere. That includes working with norms and optimum values and an increase in material incentive as much as controlling the reproduction process in terms of value. That alone ensures high, effective and lucrative production.

Exemplary work done in each LPG is in the interest of each cooperative farmer and pays off for him; after all, his own higher standard of living depends on it. Good cooperative work also is prerequisite to making the requisite contribution to overall economic growth on the part of agriculture as a whole. This also decisively affects the development of the cooperative farmers and their close alliance with the workers class. From that vantage point, a rigorous reduction of unacceptable performance level differences of the LPG's not only is an economic task of the first rank, but it is a political task as well. Concrete performance comparisons, assistance by advanced LPG's to the ones that are behind, and an organized manner of conveying optimum experiences are as necessary as extensive support by the territorial party and state organs.

With the developmental level attained in the GDR's agricultural productive forces and socialist production relations, mainly in production specialization, cooperation has become more than ever an objective requirement. No LPG or VEG can work successfully and gain high achievements without a close cooperation with its cooperation partners. At the Third Central Committee session, Comrade Erich Honecker therefore underscored "that the largest reserves can be tapped through a still closer cooperation of all the partners involved in the agricultural reproduction process. That applies in particular to crop and animal production."¹⁰

The economically most effective organization of a uniform reproduction process calls for a high degree of joint responsibility by all cooperating partners for

each individual. As crop farmers cannot stably increase their yields without more high-grade organic fertilizer, greater achievements in animal production are also not possible without livestock feed adequate in volume and quality. So it turns out to be necessary to promote everything that brings crop and animal production more closely together. The key issue is the work done by the cooperation councils in crop and animal production. They have stood up well as democratic LPG and VEG organs in the management and organization of cooperative relations. As the experiences of the best ones have taught, it pays off for the cooperation council to be assigned by plenary resolutions to plan and coordinate with the greatest authority territorial cooperation for the most efficient organization of the unified reproduction process of the field and cattle economy on behalf and for the advantage of all. That includes livestock feed production proper as to needs, the most effective use made of the livestock feed, a correlated use of all other funds, and the most rational utilization of the social labor capacity. And the setting up of joint funds has also been found suitable. Joint binding rules on intensifying the reproduction process over the long run are becoming increasingly important.

The cooperation council relies on the participation by the most experienced cooperative farmers, male and female, and on vivid activity by its commissions. Wherever the need for close cooperation has been recognized and its results pay off for all partners, there joint efforts more and more address the whole. The basic party organizations in the LPG's and VEG's and their cooperative facilities are directly responsible for this fellowship to deepen more and more through conscious operations by all, primarily by the communists. They see to it that the comrades take an active part in the party groups of the cooperation councils.

Many LPG's have gathered good experiences in the cooperation between territorial production departments or brigades in the crop production LPG's and the animal production LPG's or their brigades in the villages. This increases the common direct responsibility for the soil and for supplying the cattle herds with fodder. The social labor capacities is used better and transportation expenses go down. Not last, the production process becomes more intelligible thereby for the cooperative farmers. It promotes their involvement in cooperative concerns and their personal responsibility. Close connection with the village has many good effects, not only on production, but on all of public life in the communities. Through close cooperation of the LPG with communal representations and National Front commissions, social conditions improve, especially those of housing. Social and cultural institutions are promoted. Socialist agriculture--that above all means LPG's working with success in beautiful, modern villages in which the cooperative farmers and all other citizens feel at home.

Always and in everything, attention must be paid to what is specific in agricultural production. This consists of the fact that the soil, the main means of production, cannot be augmented, that agriculture produces through living organisms and that production largely depends on the weather and on the seasons. In agriculture, the economic reproduction process is closely intertwined with the natural reproduction process. And the natural production conditions are highly diversified. That calls for approaching all measures in a highly differentiated and complex manner.

In recent years, the LPG's and VEG's set up cooperative facilities in order to handle certain production tasks more efficiently together and, with it, improve working and living conditions. The reliable work of the agrochemical centers, intra-industrial construction organizations, amelioration cooperatives and other inter-cooperative or intra-industrial facilities significantly affects the boosting of yields and achievements in the LPG's and VEG's. The most effective use is made of the cooperative departments when plena and deputy meetings make the decisions about all the fundamentals in their activities. The results of cooperative facilities must be of benefit to all participants. It also means that partners bear the full responsibility for their cooperative facilities.

In the all-round development of cooperation, many experiences were gained in recent years. What is needed now is to examine thoroughly, with an eye to the 1980's, what stands up well and what does not stand up to the requirements. New steps have to be prepared conscientiously, discussed thoroughly with the cooperative farmers, and jointly prepared and taken with them.

Kreis councils bear a great responsibility for a high-grade solution of the tasks in the kreises. Also the agricultural and foodstuffs industry councils have to solve important tasks in this. They are the democratic consultative organs in which all fundamental matters relating to agricultural development in the territory are discussed with the cooperative farmers and workers before state decisions are made.

Getting Set for the 12th Farmers Congress--A Period for Broad and Frank Discussion

An important milestone toward fulfilling the 10th party congress resolutions is the preparation and implementation of the 12th Farmers Congress of the GDR. It is going to be held on 13 and 14 May 1982 in the capital of the GDR, Berlin. Cooperative farmers and workers are going to confer and make decisions, together with state, party and mass organization representatives, on how best to meet the great tasks facing agriculture, forestry and the foodstuffs industry. What counts here, to quote Karl Marx, is to clear the way for undisturbedly boosting foodstuffs production. "What we need," he asserted, "is a daily production boost."¹¹

With the 12th Farmers Congress we are carrying on the good tradition of always discussing with the farmers and all working people all fundamental social development issues and all tasks in the implementation of our economic strategy, and taking every step together with them. That is the reason why we see in the broad democratic preparations made for the congress the most important prerequisite for its being a success. In the main annual LPG meetings and in the membership meetings of the VEG's and of other state-owned agricultural enterprises, the cooperative farmers and workers are going to present balance sheets on what has been accomplished and discuss the tasks for the 1981-85 period. That also marks the focal point of the kreis farmers conferences to be held between 10 February and 10 March 1982, where the delegates to the farmers congress will be chosen.

As proposed by the 10th party congress, the farmers congress will be presented with a bill on agricultural production cooperatives. It will define the LPG's place and role in the continued shaping of the developed socialist society and express the new quality attained in the alliance between the workers class and the class of the cooperative farmers. The draft resolution for the farmers congress and the LPG bill are under public debate.

A special place in getting set for the farmers congress is held by a conference, on 16 April 1982, of the SED Central Committee and the GDR Council of Ministers with female cooperative farmers and workers of agriculture.

The period up to the 12th Farmers Congress will thus be marked by a great democratic debate. Indications are already it will be borne by an important upsurge of creative activities for fulfilling and exceeding plan requirements in socialist emulation.

This gives the SED party organizations a lot to do. They have to aim at effective political-ideological work, the creativity of the cooperative farmers and all working people in socialist agriculture, forestry and the foodstuffs industry, and the implementation of the economic strategy for the 1980's. To that end, they must sharpen their view on overall social interconnections and requirements. In this process, the fighting strength of the basic organizations has to be strengthened. Especially the preparations and implementation of the elections in the party groups, departmental party organizations, and basic organization executives will contribute to it. It will be a time for fruitful experience exchange about the work of the comrades in implementation of the 10th party congress resolutions. As guideline documents for the political management of the social and economic development processes in the LPG's and state-owned enterprises, the campaign programs of the party's basic organizations have done a lot of good, which were prepared in conjunction with the plan debate and ratified in membership meetings in January. They contain the position and tasks of the communists on implementing and exceeding plan targets, tapping reserves and developing mass initiative. Through such guideline documents we must now make sure that the preparation for the farmers congress becomes a period of intensive ideological work in each party organization, and a struggle for the cooperative farmers' meeting their alliance obligations to the workers class and their responsibility to the entire people.

FOOTNOTES

1. Comrade Erich Honecker, "Aus dem Bericht des Politbueros an die 3. Tagung des ZK der SED" (From the Politburo Report to the Third SED Central Committee Session), Dietz publishing house, Berlin, 1981, p 8.
2. V. I. Lenin, "Theses for the Speech at the Third Comintern Congress on CPR Tactics (Original Draft)," "Werke" (Works), Vol 32, Dietz publishing house, Berlin, 1961, p 478.
3. Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED" (SED Central Committee Report to the 10th SED Congress), Dietz publishing house, Berlin, 1981, p 39.
4. Comrade Erich Honecker, "Aus dem Bericht . . .," op. cit., p 17.
5. Ibid., p 45.
6. Cf. Karl Marx, "Das Kapital," Vol III, Marx/Engels, "Werke," Vol 25, Dietz publishing house, Berlin, 1964, p 789.

7. V. I. Lenin, "Speech on the First All-Russian Congress of the Rural Departments, the Committees on Village Poverty and the Communes," "Werke," Vol 28, Dietz publishing house, Berlin, 1959, p 347.
8. V. I. Lenin, "Ninth CPR(B) Congress," "Werke," Vol 30, Dietz publishing house, Berlin, 1961, p 451.
9. Comrade Erich Honecker, "Bericht . . .," op. cit., p 75.
10. Comrade Erich Honecker, "Aus dem Bericht . . .," op. cit., p 46.
11. Karl Marx, "On the Nationalization of Landed Property," Marx/Engels, "Werke," Col 18, Dietz publishing house, Berlin, 1962, p 60.

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GERMAN DEMOCRATIC REPUBLIC

AGRICULTURE MINISTER ON NEW LPG LAW, COOPERATIVE FARMER'S STATUS

West German Commentary

Bonn IWE-TAGESDIENST in German No 20, 8 Feb 82 p 2

[Report from Berlin: "SED Emphasizes Importance of LPG's." A translation of the East Berlin EINHEIT article cited below follows this commentary]

[Text] The GDR's Agriculture Minister Heinz Kuhrig has emphasized the importance and acceptability of the agricultural production cooperatives in the GDR, in the theoretical SED journal EINHEIT (No 2, 1982). Even in connection with the current reorientation in the GDR's agricultural policy, the LPG's and cooperative property remained an "indispensable component of socialist society." The structural changes sought for GDR agriculture merely had the purpose "to tap still more extensively" the possibilities for important agricultural performance improvements needed for the 1980's. This should mainly be brought about through further solidifying the LPG's internally and closer links between crop and animal production. A new LPG bill has been put up for debate in the GDR in this context.

GDR Agriculture Minister's Discussion

East Berlin EINHEIT in German Vol 37 No 2, Feb 82 (signed to press 13 Jan 82)
pp 139-144

['Our Agriculture in the 1980's' feature article by Heinz Kuhrig, GDR minister for agriculture, forestry and foodstuffs; member, SED Central Committee: "The New LPG Law--Important Basis for Continued Implementation of SED's Agricultural Policy"]

[Text] The 12th Farmers Congress of the GDR is first going to discuss extensively and then ratify the new LPG bill. What is its main concern? How does it account of the SED's agricultural policy, the development of the class of the co-operative farmers, and the rural production relations? Answers to these questions, based on an analysis of what has been accomplished, show that the cooperative farmers will in the future continue to create the prerequisites for reliably supplying the population and industry with their products.

In implementation of the 10th SED Congress task "to prepare a new law on the agricultural production cooperatives commensurate with the stage of development attained through the fulfillment of our party resolutions,"¹ the new bill is now out.² In preparation for the 12th Farmers Congress of the GDR, it will be extensively debated with all working people, especially the cooperative farmers, male and female. The Farmers Congress then will engage in the concluding considerations of the bill and hand it over to the Council of Ministers of the GDR with the recommendation to present it to the People's Chamber of the GDR for ratification.

The basic concern of the new LPG law is further to consolidate socialist rural production relations in accordance with the SED's agricultural policy, develop, on the basis of what has been accomplished, the class of the cooperative farmers, and deepen constantly the working class alliance with it.

Wholly in the sense of the guiding words of Comrade Erich Honecker at the Third SED Central Committee session, to the effect that an important performance improvement of agriculture is a political task of the first rank,³ the new law on agricultural production cooperatives is meant to help consolidate what has been accomplished and create more favorable prerequisites for reliably supplying the population with foodstuffs and industry with raw materials through improved achievements, qualities and efficiency in the fields and in the stables. In conformity with the more mature conditions and the tasks in the continuing shaping of the developed socialist society in the GDR, we must with the new law creatively work out and newly regulate legally the growing importance of the LPG's as basic economic units and sociopolitical communities and basic matters in the position and development of the class of the cooperative farmers.

The new law is going to document that in the GDR the class of the cooperative farmers, the agricultural production cooperatives and cooperative property are and remain an indispensable element of socialist society; and that the class of the cooperative farmers, in alliance with and under the leadership by the workers class in its Marxist-Leninist party, extensively takes part in the exercise of political power in the GDR.

In conformity with the continuity of the Marxist-Leninist agricultural policy and the universal validity of the Leninist cooperative plan, the present bill, based on our party program and our party decisions, specifies and extends the basic pronouncements of the LPG law in effect thus far. That continuity is also visibly shown by adopting into the bill proven principles of the LPG law in force, which were picked up for regulations extending further.

It is characteristic of the successful implementation of our party's Marxist-Leninist agricultural policy that in the process of the development and consolidation of the LPG's, in a truly democratic sense, the right to agricultural production cooperatives also was systematically further developed. With the cooperative farmers being directly involved in it--one may only recall the many resolutions by which LPG law has been democratically developed at the farmers congresses--, results achieved were written into law and general lessons were drawn from the best experiences in the rural cooperative movement. In line with ripening conditions, the necessary foundations were laid for successful work by the LPG's in state and society and for creative activities by the cooperative farmers.

In implementation of the SED's alliance policy, our state's legislative activity has been and is consistently aimed at creating for the cooperative farmers whatever the most favorable preconditions may be they need for cooperative socialist production, constantly improving the satisfaction of their material and cultural needs and, hence, solving their tasks in securing public food and industrial raw material supplies.

Through the new LPG law, this policy, relying on the common interests of the workers class, the class of the cooperative farmers and all other working people, will be carried on with success so as to tap, in conformity with the social and economic developmental status attained, the great possibilities inherent in the cooperative ownership in the means of production, for the requisite significant agricultural performance improvement for the 1980's, in reliable fulfillment of the main task.

Agricultural production cooperatives have successfully developed in the GDR.

The cooperative farmers, male and female, are and remain with their LPG's the main producers of agricultural commodities. There are circa 566,000 cooperative farmers, male and female, and 78,000 workers and employees working in the almost 4,000 LPG's and their cooperative facilities. That amounts to 82 percent of all who are regularly working in socialist agriculture.

They have at their disposal the by far largest part of the natural and economic resources for agricultural production.

--LPG's handle 92 percent of the total acreage used by socialist enterprises.

--More than 5 million big cattle units, which amounts to circa 84 percent of all cattle herds held in socialist agricultural enterprises, at a value of M 10.8 billion, are cooperative property.

--Some 80 percent of all capital agricultural assets at a value of circa M 56 billion forms the material-technical base of the cooperative sector.

On that basis, the members of the cooperatives in 1980 produced 91.6 of the GDR's grain, 94.1 percent of the sugar beets, 90 percent of the potatoes and over 90 percent of the basic livestock feed. In animal production, their share, including individual husbandry, came to 77 percent of state requirement, in milk, to 91.8 percent.

This social and economic weight of cooperative socialist agriculture has to be made use of still more extensively in bringing to bear, in accordance with the requirements of cooperative property and cooperative democracy, the Leninist principles on voluntarism, of LPG self-responsibility, of proceeding gradually, and of the development of many-faceted cooperation relations and using material incentives for the LPG's and their members with respect to the result of their economic activities along cooperative distribution principles for further shaping good cooperative work. To that end, the bill under consideration focuses mainly --on the further internal consolidation of the LPG's, especially by elevating brigade and departmental responsibility, and --on still closer links between crop and animal production in the cooperatives, all the way to firm brigade and departmental cooperation on the village level.

Through appropriate labor organization and management structure, rationally organized and intelligible for every cooperative farmer, at the current stage of production concentration and specialization and by using all the conditions made possible thereby for the further development of the productive forces and production relations, all the principles of cooperative economic management can still more extensively be applied. Especially for economically inducing incentives for high and stable yields and performance through the lowest possible production consumption, including reciprocal economic incentives between the crop and animal production brigades, and for an active and expert participation by every cooperative farmer in production management, planning and organization, all the way to an interest taken in it by the whole village in the development of cooperative production and the shaping of cooperative life, favorable conditions are being created by it.

Intelligibly organized collectives with their own plans and the material and financial funds going along with them, and with the acreages and cattle stocks they have, doubtless are important conditions for having each cooperative farmer take an active part in it, in line with the principles on cooperative democracy.

Propositions and proposals of many LPG's have flown into the bill which came from the idea, supported by experiences in the work thus far, that production concentration and specialization, rather than exclude, would in fact absolutely require always to redetermine the role of the village, with its boundaries, as the place of residence of the cooperative farmers, and the animal production sites, for organizing the production and cooperation in crop and animal production.

All experiences in the development of the forms of territorial production organization tell us that thereby the farmers get more closely linked with their soil, their animal production and their village, while at the same time also such questions can be resolved more effectively as the reduction of fuel consumption and the securing of fodder supplies.

When the LPG's use the soil, it becomes possible to cultivate agricultural acreage more and more effectively for producing foods and agricultural raw materials. That assigns a prominent place in the new law to regulations on cooperative soil utilization. We seek a significant high LPG responsibility for the soil and further specifications on cooperative rights to improving soil utilization. Our cooperative farmers are charged with a great responsibility by the stipulation that the soil should be used in such a way that the LPG's, through lowest economic expenditures, codetermine maximum yield levels attainable under comparable natural conditions--and this not only within the scope of our own republic. It is exceedingly significant to solve this task to show the superiority of the rural socialist mode of production still more prominently. This is all the more important in view of the exacerbation of the international situation, the needed consolidation of socialism in the struggle for the safeguarding of peace, and the worldwide changes in reproduction conditions.

Through the regulations on the use of the soil as contained in the bill, all necessary conditions are created for the LPG's to wrest maximum yields from it--while the principle that the soil is and remains the property of the cooperative farmers--on behalf of rapid economic growth and the people's prosperity.

To that end, the cooperative farmers' initiatives are more to be directed mainly at those measures which would serve the utilization of every square meter of soil, the improvement of its productivity, the enforcing of exemplary agronomic discipline and the reduction of losses. We are mainly concerned with an optimum inter-relationship in the soil-crop-animal equation to derive from the soil optimum yields for our market production and assured fodder supplies for our animal stocks. Ensuring longtime stable crop rotations, including intensive catch crop cultivation, rigorously meeting agrotechnical deadlines, using all organic substances available for soil improvement, securing optimum crop densities and an efficient application of fertilizer and crop protection agents, and an effective combination of mechanical and chemical crop protection and maintenance measures--those are time-tested golden rules the application of which provides stable prerequisites, today and tomorrow, for a high performance level throughout our agricultural production.

An essential demand the new LPG law raises is the obligation for the LPG's to use their property in high social effectiveness. That, in particular, calls for investing cooperative funds with the greatest efficiency, mainly while achieving higher and more stable yields and performances and reducing production consumption purposefully, and expanding the effectiveness and working life of the equipment and other means of production through good care and preventive repairs. The bill consistently considers that the LPG's, due to their legal and economic independence, bear the full responsibility for an efficient use of their property, deciding on its use themselves.

This applies also to the common use made of cooperative property within the scope of cooperation and the forming and utilization of joint funds. Especially the deepening of cooperation is of crucial importance to exhausting all potentials of cooperative property. It constantly provides new opportunities for producing more, better and more cheaply in socialist agriculture, organizing the streamlined agricultural reproduction process systematically and with a high benefit to the LPG's and society, gradually carrying on the introduction of industrialized methods in agricultural production, and altogether promoting actively our rural social development.

The bill takes into consideration that with the development and strengthening of the cooperation between crop and animal production the overall responsibility of the cooperating partners increases for a lucrative economic activity by all enterprises involved in such cooperation. Through their cooperation, the LPG's and VEG's will ensure, as they have, the continuity of the economic development of all involved in the cooperation--and are likely to show still more understanding for the partner's problems. Above and beyond the opportunities to resolve such matters through setting prices for fodder and other inter-enterprise services, we also plan to set up joint financial funds under the cooperation council. They are to serve their mutual aid and support in investment, rationalization and reconstruction projects or as reserves to make up for no-fault losses in crop and animal production.

The means from these funds are to be allocated, not as late as when the year ends, but in conjunction with material and financial planning--except those intended to make up for no-fault production losses. They are meant to facilitate an approximately equitable economic starting basis for each cooperating partner. What the individual then makes of them through prudent economic management throughout the year, accrues exclusively to his own benefit. It invites the principle of co-operative material incentive and the precept that no one may live at the expense of others.

For the closer cooperation needed between fieldwork and husbandry within the territory, good work done by the cooperation councils is increasingly becoming a key question. Their increasing responsibility for an efficient management and planning of the streamlined agricultural reproduction process through cooperation invests them with appropriate authorities and obligations. The bill takes care of the questions raised about it in theory and practice in providing possibilities for authorizing cooperation councils to exercise rights and duties under their own responsibility as assigned to them by the plenary meetings or LPG boards within the scope of their own authority. Thereby the LPG's, based on their legal and economic independence, may themselves decide, depending on how far their cooperation has progressed, which of their rights and duties are in the future to be exercised by the cooperation council directly for the sake of efficient management and planning in the streamlined reproduction process.

The bill attaches great importance to further improving the cooperative farmers' working and living conditions. That is expressed mainly in the section about their rights and duties. The cooperative farmers now find that to them is guaranteed by law the right to work, to taking part in LPG management and planning, to remuneration according to the quantity and quality of their work, depending on the economic result achieved in their cooperative production, to education, leisure time and recreation, to health and labor protection, old-age and disability care and material security in cases of illness and accidents. That also indicates that in legally substantiating the cooperative farmers' working and living conditions, the essential urban-rural differences have been and are being done away with step by step.

But one must not lose sight of the fact that everything that has to do directly with agricultural production--the matters of working hours, the work day rhythm and so forth--has to be in line with the crop and animal production conditions. The work has to be done when necessary, and done well. That has been so in agriculture and will remain that way.

The equipment, our scientific-technical progress, and good labor organization will gradually reduce on the long run the differences to industrial labor. But what will remain are the particulars, production under the open sky and with live organisms, and the gap between the production and the labor process. That is why the cooperative farmers' rights and duties cannot be identical with those of the other working people. Not that they are less favorable, only different.

For rights concerning secure material and social prospects for the cooperative farmers, which result from the great social achievements of our workers and farmers state but are not directly tied in with the agricultural production rhythm,

as e.g. the rights in case of sickness, labor accidents or work-induced illnesses, the bill ensures a full alignment with the rights of workers and employees. That is another important step in the social development of the class of the cooperative farmers.

Basically, the objective of all the new rules proposed in the bill on the LPG law --wishes to make fully effective all capacities of cooperative property for a rapid performance improvement in the production and a greater efficiency of cooperative economic management and on that basis -- further develop all cooperative farmers' working and living conditions and thereby make rural work and life ever more attractive and beautiful.

Another essential aspect is to set free still more extensively all those initiatives and creative capacities resulting from a political-ideological clarity about LPG prospects and from the cooperative farmers' knowing their place in the socialist state and their responsibility to the cooperative and to society as such, as well as from the recognition and appreciation cooperative farmers receive.

Opinions expressed and proposals submitted thus far confirm the great resonance the LPG bill has found among the cooperative farmers, male and female, and that on this basis each LPG can fully meet its social responsibility and gain in pride about the farming vocation.

The cooperative farmers have unanimously expressed that they are making an effective use of the debate on the LPG bill--in close conjunction with deliberating on the draft resolution for the 12th Farmers Congress of the GDR--in basing their efforts on the ambitious criteria of the 10th party congress and the Third SED Central Committee plenum, and in doing what they can to fulfill and exceed the demanding task of the 1982 national economic plan even under our more complicated economic conditions.

That is the best contribution our cooperative farmers and rural workers can make to the continuing development of advanced socialism in our country, to the well-being and happiness of our people.

FOOTNOTES

1. Comrade Erich Honecker, "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED" (SED Central Committee Report to the 10th SED Congress), Dietz publishing house, Berlin, 1981, p 75.
2. Cf. NEUES DEUTSCHLAND, 19/20 December 1981, pp 11-12.
3. Comrade Erich Honecker, "Aus dem Bericht des Politburos an die 3. Tagung des ZK der SED" (From the Politburo Report to the Third SED Central Committee Plenum), Dietz publishing house, Berlin, 1981, p 44.

WEST GERMAN INSTITUTE ANALYZES GDR 1981 ECONOMIC GROWTH

West Berlin DIW-WOCHENBERICHT in German Vol 49 No 5, 4 Feb 82 pp 73-80

/Article by Dr Doris Cornelsen, department chief, German Institute for Economic Research (DIW), West Berlin: "Strong Economic Growth--On the Status of the GDR Economy at the Start of 1982." Translations of articles cited in footnotes below are published in the following JPRS issues of this series: Footnote 6--East Berlin DIE WIRTSCHAFT discussion of changes in use of basic assets and investments, 80171, 24 Feb 82, No 2235, pp 32-38; footnote 8--official text of GDR energy decree, 78605, 27 Jul 81, No 2153, pp 30-79; three West Berlin DIW-WOCHENBERICHT items, footnotes 10, 17 & 21, respectively--on rail transport, 77933, 27 Apr 81, No 2120, pp 8-20; on agriculture, 80163, 23 Feb 82, No 2234, pp 2-29; and a Cornelsen analysis of the 1981-1985 plan directive, 79108, 1 Oct 81, No 2181, pp 42-56 (the latter JPRS issue carries moreover on pp 35-41 a Cornelsen analysis of GDR economic performance during the first half of 1981); footnote 23--excerpts from law on 1981-85 plan, translated from East Berlin NEUES DEUTSCHLAND, in 79769, 31 Dec 81, No 2216, pp 7-29; and footnote 24--Directive on 1981-85 Plan, 78163, 27 May 81, No 2130, pp 2-56. The East Berlin NEUES DEUTSCHLAND report on the 1981 plan fulfillment, cited in footnote 1, is published with West German commentaries, in a recent JPRS issue of this series. /

/Text/ The 1981 plan fulfillment report records a 5 percent growth of the GDR economy, a respectable figure measured by international standards. The long heralded comprehensive "intensification" of the production process shows clearer outlines: Greater refinement of products, lowering of specific energy consumption, rationalization instead of expansion. Exports, the chief target of the five-year plan, were raised significantly. Private consumption, on the other hand, barely increased in real terms last year.

The Central State Administration for Statistics' report on the fulfillment of the 1981 plan¹ records the details of the following development (percentage growth by comparison with the previous year):

	Actual 1980	Plan 1981	Actual 1981
Produced national income	4.2	5.0	5
Industrial goods production	4.6	5.0	5.1
Retail turnover	4.5	4.0	2.5
Foreign trade turnover	10.3	16.0	10

Production Factors

The remarkable growth recorded in the plan fulfillment report suggests the question whether such a development is plausible in view of the evident trends of the production factors. GDR reporting itself contributes a good deal to this skepticism: It is full of gaps in many respects and supplies figures that are not directly comparable with or even contradict the data given in the economic plans and official statistics.

The plan fulfillment report is silent on the development of employment figures. We may assume from the reported growth in productivity that the increase amounted to some 50,000--a dimension which accords with the age structure of the GDR population.² Legal working hours were unchanged. Only a very small part of the total growth could therefore be attributed to increases in manpower.

Consequently the development of completed investments is bound to be crucial. The few figures and rates published offer rather puzzling features. The plan fulfillment report mentions the sum of M57 billion for total investments. The Statistical Yearbook for 1980 quotes investments at home--at 1975 prices--in the amount of M50.4 billion (M51.7 billion including investment participations). Regardless whether these M57 billion include participations, the figures are obviously not comparable. The data of the plan fulfillment report must be assumed to refer to 1980 prices, possibly even prevailing prices. As, in the course of planned price increases, machine parts (1977), machines and equipment (1978), construction services (1979) as well as buildings and other investment goods (1980) have all gotten more expensive, it stands to reason that investment data at 1980 prices differ from those given in 1975 prices. In 1980 too the plan fulfillment report cited total investments in the amount of M56 billion, evidently at 1980 prices.

Based on these considerations it may be estimated that the real rate of investment growth for the economy as a whole amounted in 1981 to some 2 percent. The growth rates reported for industry and housing (+ 2 percent and + 4 percent respectively) may, though, be expected to reflect real development.

The relatively small rise in investments initially disguises the effect of the investments on capacity. That effect is revealed at closer scrutiny of investments in industry. One indication is the notable decline in the rate of construction investments to 26 percent (1980: 30.5 percent). This represents a significant shift in investment expenditure. Construction investments must be assumed to have declined by about 10 percent while equipment investment rose by roughly 10 percent. The weak growth of domestic investments and the decline in the investment rate thus affect buildings only. The effect on the production potential is therefore greater than appears at first glance.

Indicators of Economic Development in the GDR (percentage increase compared to the previous year)

	1976-1980 1)	1980 (1)	1981-1985 1)	1981 (2)	1982 (2)
	Ist	Ist	Plan	Ist	Plan
(3) <u>Produziertes Nationaleinkommen</u>	4,1	4,2	5,1	5,0	4,8
(4) <u>Industrie</u>					
(5) <u>Nettoproduktion</u>	5,0	5,5	-	-	6
(6) <u>Industrielle Warenproduktion</u>	2) 4,7	2) 4,6	5,1	5,0	5,1
(7) <u>dar.: im Bereich der Industrieministerien</u>	5,5	5,4	5,5	5,8	5,9
(8) <u>Arbeitsproduktivität</u>	3) 4,6	3) 4,5	4) 5,2	4) 5,0	4) 4,5
(9) <u>Bauwirtschaft</u>					
(10) <u>Bauproduktion der Volkswirtschaft</u>	5) 2,3	5) 1,1	3,4	2,8	4,1
(11) <u>dar.: Bereich des Ministeriums für Bauwesen</u>	6) 3,8	6) 1,8	-	3,8	-
(12) <u>Fertiggestellte Wohnungen⁷⁾</u>	162,6	169,2	158,0	174,5	185,3
(13) <u>davon: im Neubau</u>	111,9	120,2	120,0	117,0	125,7
(14) <u>durch Modernisierung</u>	50,7	49,0	38,0	57,5	59,6
(15) <u>Landwirtschaft</u>					
(16) <u>Brutto-Bodenproduktion</u>	9) 0,3	2,6	10) 2,1/2,3	- 1,0	11) 0,7
(17) <u>dar.: Getreide</u>	9) 0,8	8,7	10) 2,0	-	11) 4,5
(18) <u>Tierische Marktproduktion¹²⁾</u>	9) 3,8	3,0	10) 13) 0,9	13) 5,6	11) 3,2
(19) <u>Verkehr</u>					
(20) <u>Gütertransportmenge</u>	3,5	1,0	-	-	11) 0
(21) <u>Einzelhandel</u>					
(22) <u>Umsatz¹⁴⁾</u>	4,1	4,5	3,7	4,0	2,5
(23) <u>davon: Nahrungs- und Genussmittel</u>	3,4	3,2	3,7	3,3	3,0
(24) <u>Industriewaren</u>	4,8	5,8	3,7	4,6	2,0
(25) <u>Außenhandel</u>					
(26) <u>Umsatz¹⁵⁾</u>	16) 10,3	10,3	-	16,0	10,0
(27) <u>davon: Einfuhr</u>	16) 10,3	11,6	17) 8,4	-	-
(28) <u>Ausfuhr</u>	16) 10,2	9,0	-	-	-
(29) <u>Investitionen</u>					
(30) <u>insgesamt¹⁸⁾</u>	16) 5,2	1,0	19) 0,3	-	20) 2
(31) <u>dar.: in der Industrie</u>	16) 6,4	3,6	-	20) 2,5	20) 2
(32) <u>Nettogeldeinnahmen der Bevölkerung</u>	3,7	2,8	3,7	4,0	3,3
(33)	<p>1) Durchschnittliche jährliche Veränderung. -2) Errechnet aus monatlichen Indexangaben. -3) Index der Bruttonproduktion je Arbeiter und Angestellte. -4) Im Bereich der Industrieministerien; Basis Warenproduktion. -5) Index der Bauproduktion der Bauwirtschaft. -6) Index der Produktion im Verantwortungsbereich des Ministeriums für Bauwesen. -7) Jahresleistung bzw. durchschnittliche Jahresleistung. -8) Gesamtheit der pflanzlichen Produktion je Flächeneinheit; ermittelt unter Zugrundelegung des Getreide-Einheiten- (GE)-Mehlsatzes der DDR. -9) Durchschnittliche jährliche Veränderungsraten unter Berücksichtigung aller Jahreswerte (1976 bis 1980) gegenüber dem Durchschnitt der Jahre 1971 bis 1975. -10) Durchschnittliche jährliche Veränderung ausgehend vom Durchschnitt der Jahre 1976 bis 1980 im Hinblick auf das geplante Volumen des Jahres 1985. -11) Geschätzt. -12) Summe des staatlichen Aufkommens an Schlachttvieh, Milch, Eiern und Wolle bewertet in GE. -13) Hochgerechnete Mengenplanung bei Schlachttvieh, Milch und Eiern. -14) Zu jeweiligen Preisen. -15) Einschließlich innerdeutscher Handel; zu jeweiligen Preisen. -16) Errechnet unter Einbeziehung aller Jahreswerte. -17) Export in sozialistische Länder; konstante Planpreise. -18) Einschließlich Auslandsbeteiligungen; Preise des Jahres 1975. -19) Unter Berücksichtigung des Gesamtvolumens in der Planperiode von 256 Mrd. Mark. -20) Im Bereich der Industrieministerien.</p>				
(34)	<p>Quellen: Statistische Jahrbücher der DDR; Berichterstattung im Neuen Deutschland über ZK- und Volkstammersitzungen; Direktive des X. Partentages der SED zum Fünfjahrplan... 1981 bis 1985; Gesetz über den Fünfjahrplan... 1981-1985 (GBI. der DDR, Teil 1/1981, S.405 ff.); Volkswirtschaftspläne (zuletzt: Gesetz über den Volkswirtschaftsplan 1982, in: GBI. der DDR, Teil 1/1981, S.416 ff.); Planerfüllungsberichte (zuletzt: Durchführung des Volkswirtschaftsplanes 1981, in: Neues Deutschland vom 16./17. Januar 1982, S.3 ff.); Berechnungen und Schätzungen des DIW.</p>				

/Key on following page/

Key:

1. Actual
2. Plan
3. Produced national income
4. Industry
5. Net production
6. Industrial goods production
7. In the competence of the industrial ministries
8. Productivity
9. Construction industry
10. National construction output
11. in the competence of the ministry for construction
12. Completed housing units)
13. New construction) in 1,000
14. Modernization)
15. Agriculture
16. Gross crop production
17. Grain
18. Animal production for the market
19. Traffic
20. Freight volume
21. Retail trade
22. Turnover
23. Essential and nonessential foods
24. Industrial goods
25. Foreign trade
26. Turnover
27. Imports
28. Exports
29. Investments
31. in industry
32. Net cash incomes of the population
33. 1) Average annual change.-- 2) Computed from monthly index data;-- 3) Index of gross output per blue and white collar worker.-- 4) In the competence of the industrial ministries; basic goods production.-- 5) Index of the construction output of the construction industry.-- 6) Index of output in the competence of the ministry for construction.-- 7) Annual output or average annual output.-- 8) Total of crop production per unit of land; ascertained on the basis of the GDR grain units (GE) key.-- 9) Average annual rates of change taking into account all annual values (1976-1980) compared to the average of 1981-1985.-- 10) Average annual change based on the average of 1976-1980 from the aspect of the planned 1985 volume.-- 11) Estimated.-- 12) Total of state yield of slaughter cattle, milk, eggs and wool valued in GE.-- 13) Computed volume planning for slaughter cattle, milk and eggs.-- 14) At prevailing prices.-- 15) Including inner-German trade; at prevailing prices.-- 16) Computed by including all annual values.-- 17) Exports to socialist countries; constant plan prices.-- 18) Including participations abroad; 1975 prices; 19) Taking into account the total volume in the plan period, amounting to M265 billion.-- 20) In the competence of the industrial ministries.
34. Sources: GDR Statistical Yearbooks; Reports in NEUES DEUTSCHLAND on Central Committee and People's Chamber Plenums; Tenth SED Congress Directive on the 1980-1985 Five-Year Plan...," (CBL DER DDR, Part 1/1981, pp 4-5 ff); Annual plans (last: "Law on the 1982 Plan," CBL DER DDR, Part 1/1981, pp 416 ff); plan fulfillment reports (latest: "Fulfillment of the 1981 Plan," NEUES DEUTSCHLAND, 16/17 January 1982, pp 3ff; DIW computations and estimates.

Quite obviously economic management has obtained a firmer grip on investment activities. For many years complaints were heard about the unduly small proportion of rationalization investments. The 1981 plan fulfillment report records an increase in these investments by 10 percent. Also for many years an unusually high proportion of total industrial investments (compared with the FRG) was accounted for by new buildings. Even in 1978 Guenter Mittag, Politburo member competent for economic affairs, deplored the "billions of marks spent on investments outside the plan," the unduly large proportion of extensive projects and the many incomplete investments.³ The relevant 1979 Politburo resolution must be considered the beginning of stricter control of investments.⁴ Presumably the establishment of a "justified sequence of projects" asked for in this resolution has had the result that resources are strictly allocated and extensive expansions radically curtailed. Investment projects in excess of M5 million are subject to the supervision of the competent minister and the State Planning Commissions; local organs are responsible for smaller projects. The capacities for "in-house construction of rationalization aids" also are within the responsibility of the minister.⁵ Consequently the decisionmaking powers of the combines are severely limited with regard to investments.

Expansion investments proceeded mainly in the coal and energy sector, some also in the chemical and metallurgical industries. It is part of the new strategy that the capacity of existing facilities be improved by modernization.⁶ Renewal processes are to be initiated not by way of replacement but by that of reequipment. Though this is not going to be efficient in every case, it certainly seems to have brought initial successes.

The organizational factor too has had some importance. The change in the organization of the economy consequent upon the establishment of combines means a better organization of output, the improved coordination of component supplies and, in particular, the integration of research with production. It is bound to have produced growth promoting stimuli. In addition to other explanations we must not forget, though, that economic growth implies greater individual performance also. Evidently the GDR has succeeded in improving the readiness to perform.

Energy Conservation

Despite the considerable economic growth, primary energy consumption remained steady in 1981. The plan fulfillment report makes a point of noting a 15 percent decline in heating oil consumption and about 33 percent in hard coal consumption. That represents some 1.3 million tons of heating oil and 2 million tons of hard coal less than in 1980. The reduction in heating oil consumption, however, is only in part the result of conservation. It is mainly due to the effects of restructuring. In the past 2 years several oil-fueled power and thermal plants have been re-equipped to use raw brown coal. And in the brown coal power plants also raw brown coal is now replacing heating oil for pilot lights and maintenance lights in the furnaces.

Administrative measures have largely contributed to the reduction in specific primary energy consumption. Outstanding here is the 1979 "Resolution of the GDR Council of Ministers on the Rational Use of Electric Energy, Heat and Fuels."⁷ The follow-measures are likely to have encouraged conservation:

- The setting of energy consumption targets as a state plan target (since 1979). If consumption targets are exceeded (observance is subject to monthly checks in almost all centrally managed enterprises since September 1980), fines are imposed, amounting to 10 times the price of the above-plan energy consumed.
- The establishment of energy inspectorates. As organs of the Central Energy Commission at the Council of Ministers they check combines, enterprises and cooperatives. To enforce their directives they may call for a compulsory payment of M100,000.
- The obligation to utilize "incidental energy" (especially waste heat). According to the new energy decree, the party responsible for generating this energy is in principle obligated to utilize it.⁹
- Annual price rises for electric energy, thermal energy and solid fuels for the enterprises (since 1980).
- Reduction in temperature standards for space heating (since 1979).
- The shift of transports¹⁰ from road to rail and inland shipping. In 1981 the latter two sectors share in freight transport services rose from 70 percent to 72 percent. The energy consumption of the railway is to be lowered by the further electrification of rail lines (1981: + 95 km).

In the GDR too the second oil crisis has strengthened "energy awareness." In view of the great specific consumption it has been quite easy to achieve conservation successes: In 1981 the GDR still used 7.6 tons SKE /hard coal units/ per capita, compared to only 6.0 tons SKE in the FRG. The GDR's per capita national product (same classification) continues to be noticeably lower than that of the FRG; the country's energy use should therefore be lower rather than higher.

Industrial Output

In spring 1981 the combines obligated themselves¹¹ to turn out products above the plan, corresponding to the output volume of more than 3 working days. This implied an 1.2 percent excess production. The plan fulfillment report states that the promise was kept. The initially planned increase of industrial goods output in the sphere of the industrial ministries (5.8 percent) and the realized increase (5.9 percent) do not, however, differ to the extent expected. Evidently 1981 plans were once again changed in the early part of the year.

The progress in the industries is recorded only as a percentage of the overfulfillment of the plan; in contrast to the first half, individual growth rates are missing. Monthly reporting¹² stops in August, so that only preliminary trends can be described:

- Evidently economic growth has speeded up in all industries by comparison with 1980; planning has therefore been adhered to.
- Four industries--chemicals, general machine construction, glass and ceramics and Bezirk managed and food industry--seem not to have met the original plan targets, although overfulfillment was reported.

— The other industries exceeded the plan, in some instances quite considerably. That holds true in particular for electrical engineering/electronics and metallurgy.

Detailed reports also reveal the key points of investment activity: The output of machinery for strip mines, especially, has sharply increased. This is an industry for which the GDR largely produces its own investment goods.

The effort to achieve greater refinement of the products is reflected in the development of industrial output. In metallurgy, for example, a massive structural shift was initiated. Until now GDR steel manufacture was largely based on the Siemens-Martin process. This consumes a great deal of energy and does not produce high-quality steels. In the meantime several home-produced electric smelting furnaces have been taken into service. The pipeworks No 4 in Riesa, constructed by the GDR in cooperation with other socialist countries at a cost of M1.2 billion, started production in 1979; the electric steel works in Brandenburg (own production) came onstream in 1980. In this sector the efforts for greater refinement mingle with the efforts to reduce import dependence.

The trend toward greater refinement is also evident in chemical production. The latest major project is the aromatics complex in Schwedt, taken into service in 1981. This plant, supplied by Japan for the greater refinement of oil, is the largest chemical investment project in the GDR's history. Also to be mentioned is oil refining in Leuna; this is to reduce the percentage of heating oil in favor of so-called light products.

Structural Change in Building Production Also

A structural change has lately been discernible in the output of the construction industry. This might be characterized as "reconstruction instead of new construction." It is particularly noticeable in the development of housing and industrial construction.

Housing construction notched a remarkable success. About 185,000 units were constructed or modernized, almost 10 percent more than in 1980. This far exceeded the plan targets. The increase in new construction amounted to 4.6 percent, while modernization rose from 49,000 in 1980 to 60,000 (+ 22 percent). The shift toward modernization is due to a Politburo resolution on the utilization and maintenance of the existing building stock.¹³

The plan fulfillment report also states in the matter of industrial buildings that "efforts have increasingly concentrated on rationalization and reconstruction projects." Construction investments (construction volume excluding repairs) have distinctly declined (as we mentioned earlier).

This shift in emphasis went far to meet an old demand. As long ago as the Fifth SED Central Committee Plenum it was pointed out that the share of reconstruction projects, then amounting to 15 percent, should double by 1980.¹⁴

Initially it was obviously rather difficult to direct building production more toward repairs. This was neither in the interest of the customers who preferred new buildings, nor in that of the construction enterprises which were able more easily to fulfill their plans by new construction than reconstruction. However, by now

this demand has not only become more emphatic, it has also been reinforced by planning directives. The Seventh Construction Conference¹⁵ noted that the 1981-1985 Five-Year Plan output of the construction industry is to be achieved with 15 percent less material expenditure, largely by a shift in the structure of construction in direction maintenance. The strict observance of this target is enforced by the balancing of all building projects as well as by the threat of fines.¹⁶

Agriculture

The Third SED Central Committee Plenum quite plainly disclosed that the GDR has lately not been satisfied with the total development of farming. The specialized enterprises failed to meet expectations regarding cheaper production, while crop production yields were inadequate so that it was necessary to import considerable quantities of grain. The improvement in the cost:yield ratio as well as the increase in crop production were therefore declared key targets of the five-year plan.¹⁷ The fulfillment report mentions defects in the cooperation between crop and animal production as well as yield and performance differences among enterprises with comparable production conditions.

From the aspect of production results 1981 was not a bad year for GDR farming. Expectations were surpassed in crop production. Gross crop output rose by just about 1 percent compared with the previous year (these are preliminary data); compared with the average of 1976-1980 the rise is likely to have amounted to 5-6 percent. In the case of grain relatively good results were achieved (9.2 million tons--36 decitons/hectare), but this was no more than the average of the 5 preceding years. Consequently last year's harvest could not meet the target of helping to reduce grain imports (1976-1980 an average of 3.5 million tons).

The rise in yields of animal products was more promising. In the case of slaughter cattle the state yield rose by 7.4 percent and in that of eggs by 3.7 percent compared with 1980; milk yield declined slightly (1.2 percent). If these results are generalized, we may assume that animal production for the market has increased by at least 3 percent. Total livestock figures have risen slightly.

Income and Consumption

The nominal development of net cash incomes (3.3 percent) was somewhat less than planned (4 percent). Net wages and salaries increased by 4 percent; this corresponds to the medium-term trend. Compared with 1980, a year that brought very little improvement in the incomes of employees, 1981 was distinctly better.

The same cannot be claimed for the availability of goods. The plan fulfillment report records the least growth in retail trade for many years (2.5 percent). For the first time the rise was smaller for industrial goods (2 percent) than for essential and nonessential foods (3 percent). When we consider the higher prices of higher-quality goods, real private consumption is unlikely to have risen at all in 1981.

Comparing the growth of net cash incomes and retail turnover in absolute figures, we get a surplus of purchasing power. Last year it was the other way round and resulted in diminished savings. Taking both years together, "purchasing funds" and "finished goods inventories" are in reasonable balance.

The plan fulfillment report lists the services of the state provided from social funds. In 1981 they amounted to about M58 billion, a 10 percent rise by comparison with 1980. A breakdown by type of expense is possible only by consulting the items in the budget plan. According to this subsidies for the maintenance of stable consumer prices of essential goods and of fares were to rise by 17 percent to M19.8 billion. This was to level out for the consumer those price increases resulting for various industrial goods and, especially, foods, in the course of the "planned price rises" at enterprise level. Housing subsidies were set to rise by 10 percent to M7.9 billion; those for social insurance remain roughly the same. As the remainder of the total amount a 10 percent increase may be ascertained for services relating to health, social welfare, education and culture.

According to the plan fulfillment report, a family of four received "an average of M860 per month in the form of services and subsidies from government social funds." In the GDR these moneys tend to be described as the "second wage packet" and added either fully or in part to cash incomes. The plan fulfillment report records that the "real per capita income" thus rose by 4 percent.

If we assume that the "second wage packet" includes all money spent from the "social funds," we may note the following:¹⁸

- The subsidies of consumer prices serve to maintain at a steady level the mark's purchasing power for essential goods and fares. Due to the subsidies the increase in cash incomes amounts to an increase in real purchasing power, at least for essential needs. It would therefore be incorrect to add the subsidies once more to the cash incomes of households for computing the real rise in income: If these moneys were to be paid to households, not offset at enterprise level, prices would necessarily rise for the goods no longer subsidized.
- The same objection applies to the subsidies for rents. The cost of housing maintenance and management is rising; subsidies keep rents and household purchasing power in this area at a steady level.
- The situation is somewhat different with respect to government spending on health and social welfare, education and culture. Western studies also consult such "real transfers" for the appraisal of living standards.¹⁹ On the other hand there is some controversy about the evaluation. It must be remembered, in particular, that increases in government spending in these sectors do not necessarily imply additional services; they may be due to rising costs, especially personnel costs.²⁰
- State subsidies for the social insurance fund close the considerable gap between the total disbursements of social security and the fund's income from contributions. These subsidies cannot be assigned to particular types of spending. The total spending of the social insurance fund includes pensions, other cash payments and services (benefits during sickness). The cash services are included in net cash incomes; to add them to the "second wage packet" would represent duplication. As for benefits in kind, the same objection applies as for state spending on health, social insurance, education and culture: An increase here does not necessarily mean more in the way of services.

We may, of course, regard the "second wage packet" as a state expense, but real benefits arise only insofar as improved services are available in the sectors health, social insurance, education and culture. This rise was certainly much below the increase in spending. The 4 percent growth of real incomes cited in the plan fulfillment report must therefore be described as misleading.

Aspects of Foreign Trade

The development of produced national income used at home reveals that, in 1981, the GDR's economic leadership was specially insistent on pursuing the strategy of reducing foreign trade deficits. The produced national income rose by about 5 percent, domestic use, roughly calculated, by only 1-2 percent. Consequently a greater share of production growth went to exports; real growth here must be assessed as at least 10 percent.

As usual the plan fulfillment report gives very few details of foreign trade. Reported is a 10 percent increase in foreign trade turnover (exports plus imports); less than called for in the plan (16 percent). A 17 percent growth is reported in the foreign trade turnover with the Soviet Union. A remarkable statement may be found in the report on foreign trade with the "nonsocialist economic region" (Western industrial countries and developing nations). A significant increase in exports to these countries is claimed to have resulted in an active balance of trade. This result was certainly one of the targets of the five-year plan but not expected to be met until the end of the plan period.²¹

According to the GDR's balance of trade expressed in valuta marks, the country had a M5.2 billion deficit in trade with these countries in 1980. The statistics of the partner countries (admittedly incomplete), such as the FRG and other OECD countries, show a maximum 20 percent increase in 1981 exports.

A model computation would have had to decline by 5 percent merely to equalize the balance of trade. However, the result of the partner countries so far to hand do not confirm such a trend; they reveal a definite rise in imports. It would be just possible, though, that the last months of the year brought a change in trends.

When we consider the absolute dimensions of exports and imports as per reports from the partner countries, the equalization in the balance of trade cannot be dismissed out of hand. In 1981 the GDR achieved a significant surplus in inner-German trade. This may have corresponded in its dimensions to the deficit with the other OECD countries. However, for unknown reasons, GDR statistics of trade with the West began as far back as the early 1970's to diverge from partner country data²²: Imports are reported higher there and so, consequently, is the deficit.

None of these contradictions is amenable to elucidation given the present status of information available. Nevertheless the basic trend is evidently correct: The economic leadership is making strenuous efforts to contain the deficit in the balance of trade and prevent further borrowing.

1982 Plan

To hand now is the law on the five-year plan in the version enacted by the People's Chamber.²³ This offers the framework for medium-term planning for 1981-1985.

Compared with the directive resolved upon in spring 1981 by the party congress²⁴, it appears that the basic attitude has turned somewhat more cautious. The directive had given a range for most economic aggregates. The final plan targets were largely set at the lower end of the range. Noticeably reduced were the targets for domestic investment (directive: some 2 percent growth per annum; plan: slight decline). The specific consumption of energy and raw materials is to be reduced more than initially agreed (6.1 percent instead of 5-5.5 percent).

The somewhat more cautious assessment of growth possibilities through 1985 is remarkable in view of the speed-up in growth in the first year of the medium-term plan. The same is noticeable in 1982 planning.

The basic outlines of the 1982 plan are the following (percentage increase by comparison with the previous year):

Produced national income	4.8 percent ²⁵
Industrial goods production	4.6 percent
Net cash incomes	4.0 percent
Retail turnover	4.0 percent
Foreign trade turnover	15.0 percent.

No plan data are cited for investments; planned, presumably, is a decline, especially in construction. Significant targets are set once again for the reduction of specific energy and raw materials consumption.

The 1982 plan outline therefore follows that of 1981: Greater output for the improvement of the balance of trade. Even more than in 1981 the economic leadership considers 1982 to be a key year for the implementation of the entire five-year plan. Only the future course of the medium-term plan period will show whether the plan concepts on the possibilities of conservation were in fact realistic.

FOOTNOTES

1. NEUES DEUTSCHLAND, 16/17 January 1982.
2. See "Probable Population and Employment Trends in the GDR Through 1990," edited by Heinz Vortmann. DIW-WOCHENBERICHT No 23/1976.
3. Contribution to the discussion at the Eighth SED Central Committee Plenum, NEUES DEUTSCHLAND, 27/28 May 1978, p 3.
4. "Joint Resolution by the SED Central Committee Politburo and the Council of Ministers on the Improvement in the Efficiency of Investments for the Further Strengthening of the GDR's Economic Capacity," NEUES DEUTSCHLAND, 10/11 November 1979, p 3.
5. Erich Honecker in the "Politburo Report to the Third SED Central Committee Plenum," NEUES DEUTSCHLAND, 20 November 1981, pp 3ff (p 5).
6. See Hans-Joachim Beyer: "What Does the Change in Trends Signify for the Use of Funds", DIE WIRTSCHAFT No 1/1982, p 10.

7. NEUES DEUTSCHLAND, 21 September 1979.
8. See GBL DER DDR, Part I No 33, 10 December 1980.
9. See Heinz Ziergiebel: "To Ensure Noticeable Improvements in Energy Management," ENERGIEANWENDUNG No 1/1971, p 3.
10. See "GDR: Freight Traffic Back to Rail," edited by Rainer Hopf, DIW-WOCHENBERICHT No 8/1981, pp 82ff.
11. See "Letter to Erich Honecker by the Attendants at the Seminar of the SED Central Committee for General Directors of Centrally Managed Combines and Central Committee Party Organizers," NEUES DEUTSCHLAND, 30 April 1981, p 3.
12. "Statistical Indicators of Short-term Economic Changes in ECE Countries," Geneva.
13. "We cannot afford on a large scale to demolish usable building stock in regions with plenty of old buildings." Erich Honecker in the Politburo Report to the Eleventh SED Central Committee Plenum, NEUES DEUTSCHLAND, 14 December 1979, p 6.
14. See "Report by Wolfgang Junker Minister for Construction," NEUES DEUTSCHLAND, 19/20 March 1977, pp 3ff (p 3).
15. See excerpts from the report by Wolfgang Junker, NEUES DEUTSCHLAND, 20 June 1980, p 3.
16. "Decree on Construction Balancing and Construction Planning Balancing," GBL DER DDR, Part I, No 15, 3 June 1980.
17. See "GDR Agriculture: Compelling Need to Raise Yields in Crop Production," edited by Horst Lambrecht, DIW-WOCHENBERICHT No 49/1981, pp 575ff.
18. This is not unambiguous. The amount of M58 billion from the fund is--calculated per capita--about M290 monthly for a family of four, in other words roughly M1,150. The plan fulfillment report cites M860 without mentioning specifics. It is assumed that the subsidies to the social insurance fund are disregarded to avoid duplication; see Herwig E. Haase, "Growing Financial Burden on the GDR Economy and its Reflection in the State Budget," DEUTSCHLAND-ARCHIV, No 8/1979, pp 818ff (p 831). It is also possible to imagine an entirely different grouping--excluding subsidies but including enterprise services.
19. See, for example, "The Transfer System in the Federal Republic of Germany." Report by the commission of experts to ascertain the effect of state transfer incomes on the disposable incomes of private households (Transfer Inquiry Commission), June 1981.
20. It got known that, in early 1981, teachers salaries in the GDR were to be raised by up to 20 percent; see SUEDEDEUTSCHE ZEITUNG, 29/30 November 1980, p 6. This goes far to explain the unusually large increase in expenses for education in the budget plan (+ 10 percent).

21. See "Main Task Export," edited by Doris Cornelsen, DIW-WOCHENBERICHT No 31/1981.
22. See "On the GDR's Trade with the West," edited by Horst Lambrecht, DIW-WOCHENBERICHT No 39/1975.
23. GBL DER DDR, Part I/1981, pp 405ff.
24. NEUES DEUTSCHLAND, 18/19 April 1981, pp 3ff.
25. The increase in industrial goods production is thus somewhat lower than the growth of the produced national income. Formerly industrial growth was always about 1 percent higher than total growth, the other sectors (especially agriculture, forestry and domestic commerce) showed below average growth rates. This divergence from the customary growth model does not mean that the other sectors have caught up; it arises from the targets set for industry: It is to manage largely without increasing materials consumption, so that the rise in industrial goods production (gross) is lower than that of the net product of industry in the produced national income.

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DEPUTY MINISTER ON ECONOMIC RELATIONS WITH LATIN AMERICA

Budapest MAGYAR NEMZET in Hungarian 13 Mar 82 p 9

[Interview with Tibor Melega, deputy minister of foreign trade, by Gabor Toth; no place or date given]

[Text] Our economic relations with the developing countries have been very much expanded in the past decade. The forms of cooperation now considerably exceed traditional frameworks of commodity exchange, and modern, effective elements of relations are being given greater and greater scope. Last year's commodity trade based on mutual advantages was a significant factor in the improvement of our balance, decisively by virtue of a dynamic increase in export: we want to continue the importance of our trade with the developing countries by increasing our 1982 exports 12 percent and our imports 5.5 percent. What are the conditions for doing this? We talked of this with Dr Tibor Melega, deputy minister of foreign trade.

[Question] Our goal is to have commodity trade in this relation surpass the average by increasing the rate of growth. Can this be fulfilled? Please, let us review the road that has been covered.

[Answer] In the Fifth Five-Year Plan period our economic relations with the developing countries expanded at a rate surpassing the average increase in Hungary's total foreign trade. Between 1976 and 1980 our total exports to the developing countries increased from \$476 million to \$931 million, an annual average of 18 percent; and imports rose from \$525 million to \$801 million, an annual average of 11 percent. Total trade resulted in a surplus of \$130 million in 1980 as compared to a deficit of \$49 million in 1976. The share of developing countries in total Hungarian exports rose from 7.3 percent in 1976 to 9.7 percent in 1980, and their share in total Hungarian imports rose from 6 percent to 6.3 percent.

Our enterprises are increasingly interested in markets of the developing countries. In the Fifth Five-Year Plan period, it was chiefly the export of material-type production, metallurgical and chemical industry items that developed dynamically in the commodity structure of our exports. The share of this product group rose in the second half of the 1970's from 23 percent to 35 percent. In 1980, machinery exports made up 23 percent of our exports to developing countries, consumer items 16 percent, and agricultural food products 17 percent. Eighty-five to ninety percent of our imports consisted

of basic agricultural and industrial materials; the share of consumer items in the five-year period rose from 6 to 10 percent.

In the first year of the Sixth-Five Year Plan period, the encouraging trends of the preceding period were realized in trade with the developing countries. Our total exports increased by 19 percent, our imports declined somewhat. The dynamic growth of our exports was accompanied by an improvement in the commodity structure: the share of machinery and equipment rose to 37 percent, the share of material-type products declined from 25 to 31 percent; consumer industrial items had a share of 15 percent, agricultural food products 17 percent. Basic industrial and agricultural materials had a share of 86 percent in our imports, consumer industrial items around 13 percent. The share of exports to developing countries in total Hungarian exports rose from 9.7 percent to 1980 to 11.1 percent; imports dropped from 6.3 to 5.8 percent.

A significant portion of the investments called for in the economic development plans of the developing countries served the needs of electric energy production and delivery, the development of agriculture, public health and education, and transportation. In these areas the Hungarian industry has bold traditions and is competitive. The market orientation of our enterprises is growing. Thus in spite of the worsening world economic conditions, I regard it as a well-founded goal that our trade, including primarily our exports, with this region will develop at a rate surpassing the average growth of Hungarian foreign trade.

[Question] The Latin American states form a special group of developing countries. Our economic relations with these states is hardly every discussed although their importance is constantly increasing in international work specialization and in the struggle for a new economic world order. This is particularly true of the countries with a larger economic potential and important natural resources like Argentina, Brazil, Peru and Venezuela in South America, where the export orientation of industry has strengthened greatly in recent years. What characterizes our economic relations with them?

[Answer] The above-mentioned countries plus Mexico play, I might say, an important, determining role in the relations between our country and the Latin American countries. In respect to their area, population, and receiving markets, they belong among Latin America's largest countries. Their economic importance in the world is very large. One statistic will suffice to illustrate: according to a survey of the UN Latin American Economic Organization, in 1980 the above-mentioned five countries produced 81 percent of Latin America's gross national production. A significant share of the developing world's industrial production--more than one-half according to estimates--is concentrated decisively in Latin America, and again decisively in the above-mentioned countries. They are potentially wealthy, but the exploitation of their resources is obstructed by many factors.

Among the five countries, Argentina and Brazil are our traditional trade partners. We delivered considerable exports to these two countries even before World War II, for example, motor trains, and various kinds of machinery and consumer items. Our relations started to develop with Peru and Venezuela in the early 1970's and with Mexico in the middle of the decade. Although the five countries combined have an 80 percent share both in our exports to and

exports from Latin America, I believe that many other opportunities are awaiting us to develop our economic relations, for the level of trade that has been attained is still low.

[Question] What is the nature of the commodity structure in this relation? In what sub-branches is there development or lag? What are the long-term perspectives: what can Hungarian industry and foreign trade do to maintain and expand these markets?

[Answer] The share of machinery products has been important in Hungarian exports in recent years. Among these I would emphasize education, public health, power works, telecommunications equipment, motor trains, buses, and lifting and portal cranes. Moreover, worthy of mention are pharmaceuticals, pesticides, vacuum technology items--primarily bulbs and automobile lamps--photography items, and textile industry products. In respect to the commodity structure of our export, our pharmaceutical and vacuum technology exports enjoy a favorable ratio besides the favorable ratio for machinery. On the basis of market research made thus far, and in addition to areas mentioned above, there are possibilities for beginning or continuing the export of agricultural systems. Agricultural products are important in our imports: raw and basic materials, for example, soy meal, coffee, cacao, banana, fish meal, and metals; moreover, in recent years new, industrially processed goods have also appeared, primarily consumer items like ready-made levis, shoes, and fabrics.

Sharp competition is waged on the markets of the Latin American countries by the suppliers. In addition to the United States, whose economic influence is very important in this region, the countries of the Common Market are active. But the exporters of the socialist countries are also present in increasing numbers. We can maintain our positions and expand our sales only if we appear on the scene with competitive prices, participate in the competition, and devote a great deal of attention to delivery related services in addition to quality.

[Question] Is there some kind of unified market, economic model in Latin America to which Hungarian foreign trade may adjust? Or must there be a different "strategy" for gaining each market?

[Answer] Despite unquestionable commodities, the economies of the individual Latin American countries show many characteristics of their own. This, for example, the per capita gross national product in the above-mentioned countries is high as compared to other developing countries. But the differences are considerable country by country. Mexico and Venezuela are important oil exporters, Peru and Argentina are practically self-sufficient, while Brazil must export large volumes. In certain agricultural products, Argentina and Brazil belong among the world's biggest producers and exporters, while at the same time Brazil, Peru and Venezuela are compelled to import bread grains, even though their endowments could make them self-sufficient.

Country by country, industrial branch by branch, and area by area the development of industry also shows great differences. From the point of view of relations-building there are important differences in economic guidance

concepts and in domestic and foreign political orientation. It derives from all this, that to gain a place on individual markets, it is necessary to have a made-to-measure, singular strategy.

[Question] The rapid industrial expansion which characterizes the Latin American countries requires flexibility from the partners and adaptability. Are we capable of this? How can we hold our place, and compete on these distant and difficult markets? And in general what kind of new forms and possibilities do you see in a broader and better exploitation of mutual advantages?

[Answer] The rapid industrial development of some Latin American countries and measures for protecting the domestic industries, by our partners, undoubtedly require a search for new forms of cooperation. Their development, of course, cannot be done one day to the next; the process started several years ago and is broadening. Among the new, nontraditional forms of cooperation, there are encouraging results in the field of industrial cooperation. Such, for example, are Hungarian-Peruvian cooperation in the manufacture of ammeters, or pharmaceutical cooperative projects with a number of countries. Also worthy of note, for example, are those agreements which Hungarian and Brazilian enterprises have signed in the past year or two to develop manufacturing sharing and third market cooperation. These forms are good models, and it is in this way that we must advance on the road of mutual exploitation of economic advantages.

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CSO: 2500/169

STATE FARM LEADERS DISCUSS PROGRAM, PROGRESS

Budapest NEPSZABADSAG in Hungarian 6 Mar 82 p 5

[Interview with Lajos Gondocs, director of the Alag Model State Farm; Andras Klenczner, managing director of the National Center for State Farms; Gabor Matvus, director of the Hosszuhegy State Farm; and Istvan Vas, director of the Dalmand State Farm, by Istvan Almasi, no place or date given]

[Text] From the beginning our socialist agriculture was characterized by many sectors. The state farms, the producer cooperatives, and the small farms which became more and more closely linked to them were able on the basis of a one-type work distribution successfully to utilize the achievements of the scientific-technical revolution in agriculture. In this distribution, the task fell above all to the state farms: to assemble, test, adapt, diffuse all those things which can be advantageous for us in large-scale production.

How is it possible to live up to this task which persists unchanged and to other duties that face state farms? What is being particularly emphasized by these farms nowadays? Such and similar questions provided the subject for our round-table discussion.

[Question] Most of the state farms were developed 30 to 35 years ago. Since then, how far have they gone, that is, where must they proceed from now?

Klenczner: A simplified answer would sound something like this: The objective and subjective conditions for successful production exist and are developed on farms cultivating almost 13 percent of the domestic agricultural area. The compass afforded by a given farm with an average area of 8,000 hectares, its building, machinery and other means, the power represented by more than 130,000 workers, including 21,000 technical and intellectual workers are suitable for greater achievements than at present.

Vas: And still, we have done more than a little up to now. We have exceeded an eight-ton average per hectare on a large area of corn production at Dalmand. Meat value per one hectare arable land comes to 862 kg, which is two and one-half times more than for the country as a whole. In our country the state farms have already produced more than five tons of wheat per hectare and more than six tons of corn. That is, we can point to very good results even by international standards.

[Question] In agriculture, too, nowadays the requirements are linked not to volume but to savings. Is it not onesided to mention only quantitative indexes?

Matyas: The gross production value on state farms is not only twice that of producer cooperatives, but so is the value of the fixed assets. And what is more: this greater means value derives from the fact that on state farms there are more plant beds, cattle stocks per hectare are 50 percent greater, there is two and one-half times as much poultry, four times as much pork as on joint cooperative farms.

The fixed asset requirement of plant beds and of livestock breeding is much greater than that of other agricultural areas. On the other hand, profit from livestock breeding is less than from crop production on arable land. I am convinced that our farms can fulfill their mission only if they improve efficiency, and if there is more profit. That is to say, they will have progressed farther on the road they have been on in recent years when the profit calculated by means value and net production value have both increased.

Matyas: This is true, but we may add that in the United States they need 2.3 dollars' worth of fixed asset value to produce one dollar's worth of agricultural product. In Western Europe, where by far the greatest number of farms are small, the same ratio is 4 : 1 and 5 : 1 while on Hungarian state farms we use scarcely more than 100 forints' worth of fixed assets for the production of each 100 forints' worth of products. These data show that the situation in the agriculture of our country is not bad in this respect, although the improvement of international competitiveness is providing incentive for even more efficiency and economic production.

Gondos: Today the economic regulators also provide better incentive in this direction than in the 1970's. At that time our farms were primarily interested in increasing the value of gross production. The wages of workers could be raised above all in accordance with the extent of the gross production value as compared to the previous year. We undertook at the time to manufacture wardrobes in the framework of industrial activity. We processed material of great value; and although the profit was very modest, the wardrobe manufacture strongly increased the gross value of production.

Vas: I remember that at Dalmand our profit was 160 million forints, or very good in comparison to that of other farms. But we still could not raise the earnings of the workers because production value did not increase adequately.

Klenczner: The economic regulation which stimulated an increase in the volume of production was proper, in my judgment, when we did not have enough grain, and domestic meat, milk and egg production was small. At times when production does not cover our needs, or does so barely, the major requirement is that there should be production. At times like now, it is important to work for volume but it is still secondary.

Today surplus agricultural production is mostly for export. Let me give this one fact. In the past 10 years agricultural export increased substantially more than production, while the domestic supply as a whole developed favorably. In addition to rising export prices, this was made possible by the fact that

the value of exports in 1980 as compared to 1970 increased two and one-half times. Since export plays such an increasing role in marketing, the economy of production becomes a vital problem. It is therefore proper that today the regulators make the farms interested not in gross production but in increasing gross income and profit, that is, in production economy. Today the extent to which a given farm will be able to develop the production funds and increase the pay or wages of the workers depends on the size of the profit.

Vas: In those years when an increase in production value stood at the center of interest, mechanization also proceeded at a rapid rate on our farm. Looking back, we can see that exceptional means and cost intensive technologies were developed at that time. Energy prices, the altered pesticide and fertilizer prices, the livestock breeding situation, the reevaluation of production technologies also provided a stimulus for reorganization to a certain extent.

Matyus: The number of manual workers declined at the time of mechanization and the vigorous construction of new, large specialized livestock breeding facilities. An outlook gained ground at the time which greatly overrated the importance of machinery and modern materials.

More Rational Production Solutions

[Question] Today therefore the regulations influence farms toward management in the real sense of the word. In the wake of this, are the state farms inclined to any other changes?

Vas: Nowadays it is not only in Denmark that they are struggling with means and cost intensive methods, with energy-demanding livestock breeding facilities, but so are we. In the specialized pork fattening sites which were built formerly, one worker could handle 2,000 fattening pigs. In the fattening sites of the new facilities, on the other hand, 600 pigs fall to the care of one worker. It appears as though this might be regression. In fact, however, we have adjusted to new requirements, or to more economic pork production. No matter how high the degree of mechanization, one worker could not handle 2,000 fattening pigs in the true sense of the word. In the buildings of the new sites, it is no longer necessary to have automatic feeding machines which brings the corn raised on plowland to the livestock at the cost of a tremendous amount of energy consumed in drying, grinding, mixing, and granulating. Now corn can be brought to the fattening animals even without drying. The result is that the fodder cost of producing a kilogram of pork--and this the biggest cost factor--is 2 forints less in the new, more simple buildings.

Conlock: The development of the production structure deserves great attention everywhere because given our endowments we produce what gives the biggest profit. Our Borzsony farm has a 1,000 hectare area. Of this, 600 hectares are for pasture and 400 hectares--as shown by the seven gold crown classification--is very poor quality plowland on which we raise three or four different kinds of crops. We keep 1,200 sheep on the pasture. This area, with 58 workers, showed an annual loss of about 2 million forints. In 1979, we introduced beef cattle here. We sowed the 400 hectares with grass. Since then, the 1,000 cows and their yearlings are handled by 13 workers. The annual balance of the

beef cattle sub-branch is profit around 1.5 to 1.8 million forints, and the value of the production has increased almost three times.

Klenczner: It is evident from this that the poor endowments are not always in nature but more often in brainpower.

To Think As Owners

[Question] We have already mentioned that under the spell of mechanization and technology the role of the human being has often been underrated in the production process. What is the situation nowadays?

Klenczner: We have always regarded the human being as most important. It is another question to what extent this outlook has been realized in practice. Certainly, there have been shortcomings. On state farms we succeeded less in realizing those property characteristics which are evident on producer cooperatives. In my judgment a great deal is being done now to see that people think and act as owners on their own farms.

There is need for this; for one hectare of land has 100,000 forints' worth of means. Our work can only be successful if we actually deal with these means as owners. For this purpose, we need to have enterprise readiness and initiative at all work places.

Vas: No one is born as an entrepreneur; he becomes one, he is made one by circumstances, by the will for something more and better. But this is not enough. For this kind of farm management, the managers must create the possibilities on the farms. Enterprise independence is for us a fact. The decisions related to farm management are in our hands. It is true there are still financial limits.

Klenczner: No matter how strange it sounds, the stricter economic regulation and restraints had a more favorable effect on economy savings, on the better exploitation of management possibilities than any possibilities than any possible kind of ministerial orders or managing director's instruction. This is affirmed by practice. Our farms have never before achieved such profits--approximately 5 billion forints--as last year.

The Possibility for Enterprise

[Question] In addition to the enterprise spirit, how is the interest of the managers and farms developing to make work results more favorable. What are the conditions for greater incentive?

Matyus: The large-farm provides good possibilities for enterprise, because it has a significant material base and a great deal of intellectual strength. I believe that if we can coordinate these advantages better with the personal interests of the worker on every state farm we will achieve the best results.

Vas: I do not believe there is a farm which can break the plan down to the individual person. This would require such a large bureaucracy that it would drown the best of intentions. On the contrary, with the help of various con-

ditions, including better organization, we need to create relations in which the individual can be an enterprising type of worker in large operations.

Matvusi: I too am thinking like this. This year we gave out one-fourth of our 1,350 hectares of vineyards in parcels of eight to ten hectares for cultivation by enterprisers. Of course, we shall continue to perform in the future as well the work that can be done in the vineyards rapidly and economically with large machines. On the other hand, the manual work which influences the yield and quality is waiting on those who contract for eight to ten hectares. Their earnings depend primarily on production, the quality of the pressed grape, that is, on how they did their work. We give the parcels out not for a year or two but for longer periods of time in order that the cultivators, who of course organize their own working time, will be interested in stock replacement, and in such dressing and care as will guarantee good production over the long run.

Vas: We succeeded at our pig fattening sites in solving how caretakers should be paid on basis of the results of the facility and the volume of fodder used. At the beginning, there were problems. Those who produced weak results demanded that the money of the workers at the site should be put in one lump sum and divided according to work performed. I asked one who said this who his director was. He was surprised but then replied. He also replied when I asked who was the district manager, who transports the fodder, and so forth. At last, I had only one question left. If everything is the same at the fattening site, why are the results weaker than at the neighboring site? He had no reply. However, it is a fact that since then the person concerned is achieving very good fattening results, and he would be the one to protest most strenuously if someone were to propose that the earnings of the workers at the site be put on one lump sum. He now adheres to the position that earnings should be paid according to actual achievement and results.

Klemmer: One of the most important tasks now is to create an identity of interests within the farms. That is, the interest of the workers, the managers should be the same as that of the enterprise. The development of this interest identity is very complex: it depends on many things, on production organization, production technology, the wage system, and people's way of thinking.

Gondoes: In the various work areas it also depends on the relations of the workers. When we introduced dairy farm wages by results, the monthly earnings of the dairymen came to 6,000 to 7,000 forints by virtue of the increasingly improved results. Now, however, when annual production per one cow comes close to 6,000 liters, their earnings are at about 7,000 to 8,000 forints. The fixed payment of the medium level managers, the shop foreman, the plant foreman, and the veterinary received less than this. We made changes. Now the medium level managers receive a definite, guaranteed pay. A significant part of their pay, which may equal or exceed that of the dairymen, depends on the achievements and results of the dairy. Since then, orderliness has improved considerably at the site, there are fewer disputes, and work is better prepared. It can be ascribed to this in no small degree that last year the per-cow production increased by more than 400 liters, and dairy farming was profitable.

Knowledge Is Upgraded

[Question] How can we compactly summarize what faces the state farms?

Vas: There are sub-branches in agriculture also in which the question of results is already decided in the preparatory phase of production. Calculations verify that in many cases the final results can be influenced in the actual production process only by 25 to 30 percent.

Klenczner: This fact draws attention to the importance of the leaders and the leadership level. Under present conditions the value of intellectual work has been upgraded. But unfortunately we have not as yet found everywhere the best conditions for rapid development. There are also problems with the material remuneration of managers working at the middle level. Their low income may become one of the greatest restraints on our development. Enterprise independence makes it possible for every farm to solve such problems within its own operations as quickly as possible.

Matyas: To do this, it is necessary among other things to transform the inner mechanism of the farm, giving rights, obligations, material-technical possibilities, and greater independence to the units.

Klenczner: In the wake of research and scientific development, information becomes rapidly obsolete. The changes in the international economy are accompanied by rapid changes in economic relations. The agriculture of a country will work all the more successfully the more rapidly it can adjust.

In the coming years, our state farms will be able to advance if they become capable of more regular renovation. That is, if they come to know and try out newer production and incentive methods, adapt themselves to the domestic conditions or to the environmental endowments. There is an extremely broad road from the modernization of large-farm methods to the building up of small producer relations, from the development of supplementary service activity to the formation of production systems. The more we do our work in wide perspective with deliberateness and practicality the more economically produced goods we can deliver to the country, the greater share we can assume in the development of domestic agriculture.

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PATRIOTIC FRONT TO PLAY ROLE IN SMALL BUSINESS PROGRAM

Budapest MAGYAR NEMZET in Hungarian 26 Feb 82 p 5

[Interview on 25 February with Dr Gyorgy Szep, chief counselor at the ministry of justice, by Andras Faludi: "On the People's Front's Agenda"; place not given]

[Text] Yesterday the Cooperative Policy Subcommittee of the Patriotic People's Front National Presidium discussed the place and role of small cooperatives, work associations and minor enterprises in the cooperative movement.

We asked Dr Gyorgy Szep, chief counsellor at the ministry of justice, who presented the topic, for details on this issue, and about what kind of proposals the subcommittee would make to the people's front organizations.

[Question] What do you see as being the essence of the new small operations and small enterprise forms in our economic life as a whole?

[Answer] I think that the nearly 40 statutes which took effect on 1 January create many opportunities for the group and individual enterprises. We are dealing with new things; they are interesting, and we talk a lot about them in the press, in official discussions, as well as in friendly gatherings. At times one even hears opinions that these small operational formats will solve the essential problems of our economic policy. I think that is an exaggeration. The small business, the small enterprise is one of the methods we can and do use. But our entire economic structure is shaping and growing. The requirement is that all of its elements--planning, large-scale production, commerce--should become more and more flexible and conform better and better to the marketplace. We can discuss and understand the small operational formats only in this context. The relationships between large operations and small entrepreneurs are very important, as are the support and assistance the large enterprises can provide, whether to organizations forming in their districts or to the small organizations which serve them. Their obvious task is to satisfy the demands which are surfacing in large numbers, but which until now have gone unsatisfied. And the enterprise has to provide good and reliable income opportunities to those participating in them, of course, if they earn it with honest work.

[Question] The conference discussed the place and role of small operations in the cooperative movement. Do the enterprises have some outstanding uniqueness in this area?

[Answer] Perhaps that the new formats just created fit naturally and very well into the ancient and now traditional frameworks at the cooperatives. The closeness of people, as little administration as possible, and a joint undertaking of tasks have always been the guide principles of the cooperative movement; the basic principle of "let's pick it up and carry it [together]" reigns in the good cooperatives. Even in the past the useful thing was, even in the large operations, if within the framework of the basic structure the collectives created as many separate and independent decisionmaking opportunities and forums as possible.

[Question] Do the new regulations promote this?

[Answer] Unquestionably. Even until now those operations where the individual areas and branches enjoyed more or less independence functioned efficiently. It is fashionable now to talk about "self-accounting." Actually this provides an opportunity to accurately measure profits. But there are very many steps, degrees of independence between the centrally guided and directed units to self-accountancy. It is obvious that the small cooperatives, work associations, small enterprises and rented operations now created will be legally severed from the mother enterprises or cooperatives, but in very many areas they will be basically tied to some branches of it. For example, it is impossible to create an agricultural specialty group without its remaining in a production and sales relationship with the cooperative's agricultural branch. We are in the same situation with the possible industrial enterprises which are tied to either an agricultural cooperative or to the AFESZ [General Consumer and Marketing Cooperative], or to another organization.

[Question] Which tax do you consider to be the primary ones?

[Answer] The most important ones are coordination of resources, cooperation of branches and activity to represent interests. Several state and political organizations are working and doing their jobs in each megye. The enterprises are usually mentioned in general in legal, economic or similar contexts, even though helping them, creating them and making their work easier are political tasks.

Successful work can be organized only with the coordination of all interested parties. I feel that this coordination encompassing the entire society is the most important thing.

[Question] In your opinion, how far has the acceptance of these new formats progressed in the cooperatives?

[Answer] To the stage of preparation and contemplation. The statutes concerning them went into effect 2 months ago, they have to be understood first, and then they can be applied. This is done by the discussions and calculations which have begun, and the first contracts are now being signed. Common

denominators must be reached in two areas. First, the entrepreneurs, those participating in the smaller group, agree among themselves as to what they want to undertake and under what conditions. Next, agreements must be made with the cooperative, agreements in which all interested parties get what they need. Inventiveness and flexibility, finding out what is worth doing, why an enterprise should be established, are very important at the start. This must not be just a campaign. It would be bad if some cooperatives--just to be fashionable, or for self-justification--established a speciality group or work association. Even though the "results of setting up a small business" can be reported then, our economic goals would hardly get implemented. It is conceivable, for example, that somewhere a speciality group is created for some job, a work association for another job, and still another area is leased out to interested parties. The local needs and given local conditions will determine everywhere which ones are the best methods.

[Question] The Patriotic People's Front's Cooperative Policy Subcommittee discussed the topic. What is the "people's front" aspect of the work in this area?

[Answer] It is obvious that healthy small enterprises will not come into existence in large numbers and spontaneously. There will certainly be a few clever and handy people and groups who will be able to take advantage of the opportunities provided by the statutes and will themselves take the initiative. But in order to set up the small cooperatives and work associations everywhere to the desirable extent and in a desirable way, assisting in setting them up is society's task. People with many different types of knowledge, training and interest are working in the Patriotic People's Front organization. They will support the spontaneous and gradual development of the small enterprises. The technical people, the agricultural experts can point out the opportunities. Those working in commerce can research the markets and identify the needs. The legal people can help work out the contracts, the tax professionals can help in their area. There are mundane tasks, such as, for example, establishing contact with the local interest representation organs of the small tradesmen. Healthy competition is necessary, but it would be improper, for example, to set up a small business where actually the existing network of tradesmen is sufficient. The job of the people's front and of the megye and local organizations is to bring the interested parties together, coordinate the goals and help the development of small enterprises in the cooperative movement.

According to our present judgment, the 1968 decisions were implemented more slowly than desirable. Our present evaluation is that time is pressing us. If we have some good ideas--and the spreading of the small enterprise format in the cooperative movement is among them--we must transplant these into practice as soon as possible. This is why our subcommittee discussed this issue, and this is why the people's front suggests to its local organizations that they should help in developing the process.

CRITICAL ANALYSIS OF ECONOMY PUBLISHED

Warsaw TRYBUNA LUDU in Polish 4, 8, 12, 16 Feb 82

[Article by Stanislaw Albinowski]

[4 Feb 82 p 3]

[Text] One must have a great deal of economic imagination to realize what one figure--a decline in the national income by 13 percent during the course of the past year--given among thousands of others in a recent GUS [Central Office of Statistics] announcement means in practice. It specifies an economic regression which has no equivalent in any country of the world for the entire postwar period.

I am far from cultivating the propaganda of disaster, just as I have not cultivated the propaganda of alleged success in the past. However, when we consider "what to do," we must first become aware of "where we are." We are 5 years behind in industrial production, 8 years behind in per capita national income and in investments, 9 years behind in the procurement of livestock for slaughter and 15 years behind in housing construction! I am not dealing with the problem of the living standard here, since that requires an entire [separate] dissertation, especially since some of the indicators in the GUS announcement raise certain doubts in my mind. Without quarreling at this time over percentages, I would like to stress that the declining trend in our economy had already occurred in 1979, but nearly three-fourths of the entire decline in income for the past 3 years came last year. In view of such an unprecedented escalation in economic regression, the question of the causes is compelling.

It is extremely important that we give the right answer to this question, since the diagnosis determines the therapy. In attempting to define the contours of such an answer I must forewarn that I am consciously limiting my considerations to the role of material factors in the production sphere. This means that I am not analyzing the problems connected with "market" issues (earnings and prices) or the effect of political and sociological factors on the economic situation. Of course I fully appreciate their significance and have expressed this in many of my publications during the past year. If I omit them here it is not so

much, because they are now being extensively discussed by other writers (with whom, incidentally, I do not entirely agree), but primarily so that I may concentrate on the basic problem which remains in the shadow of other issues, although it has played a decisive role in the crisis of recent years and in last year's economic catastrophe.

This is the problem of materials management. It is a single problem, but one with many so-called aspects. Since I would like to discuss the problem in its totality, and since each aspect must be treated separately, the space limitations of these columns require that I take shortcuts and sometimes that I merely signal a point. Hence, please do not expect either that I will analyze every problem or that I will provide full statistical documentation. If necessary, however, I am prepared to produce this at any time. I need not emphasize that I will be grateful for critical observations regarding the merit of the questions treated herein.

In examining the situation of the past year we are reminded, above all, that the government draft plan for 1981, presented in the Sejm on 11 February, anticipated a decline in the generated national income of "only" 3.3 percent. After 3 months however, planners asserted the need to revise the figure downward. This new forecast proclaimed that the income had already fallen by approximately 14 percent in comparison with 1980. The real decline was 13 percent. Thus, we may say that last year's regression should come as no surprise to us. It was already predicted in April, even if the reality turned out to be somewhat better than these expectations.

It is crucial that we ascertain the reasons behind such a drastic drop in the planned effects of economic activity after 3 months. In the materials sphere, the first version of the NPSG [National Socioeconomic Plan] for 1981 predicted the following two major assumptions: coal production at a level of 188 million tons and the securing of credit from the II payments area [capitalist countries] for 30 billion foreign-exchange zlotys, which was to enable us to import over 27 billion foreign-exchange zlotys' worth of goods from this area. These assumptions were not only unrealistic, as some economists immediately pointed out, but, equally importantly, they betokened the intent to continue an extensive strategy. In short, the then economic leadership of the country did not have a program for an alternative concept. What is most apparent is that between September 1980 and January 1981 there was still the belief that it would be possible to get out of the crisis by using the same strategy which had brought it up.

While this extensiveness was evident in many sectors, two have the most significance. Namely, given the assumption of the decline in national income by 3.3 percent and stagnation in industrial production in 1980 levels, an increase in supply imports from capitalist countries was planned for 6.6 percent, including coproduced imports and spare parts at a level of 19 percent, and raw and other materials at 4.2 percent! At the same time, given the decline of coal production initially planned at only 3 million tons, exports were to decrease 6 million tons, while

the same amount as in 1980 (130.5 million tons) was to be designated for the needs of industry and construction. This signified only the "planned" lack of any sort of progress in the rationalization of coal consumption (although a great deal was said to this effect) but also the preservation of the former disproportionate structure of industrial production. This is unmistakably clear from a balance-sheet analysis.

The change in the WPSG for 1981 between April and May was the first sign that there was a realization that it was no longer possible to travel the old path. As justification of the revisions of the plan it was asserted that it was indispensable that "economic processes be steered according to the conditions of considerably reduced resources of fuel, power, raw and other materials and foreign-exchange funds, and particularly that the directing of these resources into fields which do not have first priority be resisted." The term "efficiency" was no longer being used, but the government program for overcoming the crisis, developed at the end of June 1981, was dotting the "i" stating simply: "The basic method for battling the crisis must be the better utilization of the resources already available, i.e., the intensification of management."

At the same time, the program established the priorities for the needs of which materials supply was to be guaranteed. These priorities later took on a working format of operational programs, of which the tendency toward proliferation is alarming. The more such priorities, the less their effectiveness. The program designated five such priorities. At first there were 9 such operational programs, and by now we have 14.

In a 25 January 1982 Sejm address, the premier, Gen Wojciech Jaruzelski, redefined the priorities, stating that the major tasks before the economy are: feeding the nation, housing construction and an increase in exports as a condition toward attaining the economic sovereignty of the country, i.e., as I understand it, not only untying the noose of indebtedness but also reducing the dependence of our economy on imports from capitalist states.

I do not know whether in practice these three tasks will become super-priorities in relation to the already existing operational programs, or whether these programs will be expanded by an operational program for housing construction, which was not included formerly.

Moreover, we must see the contradiction between the possibility of implementing all programs which have the goal of satisfying domestic needs and the implementation of the export program. In the long term, they are mutually contingent upon one another, but in the short run, particularly in the depths of the crisis, they are so contradictory that the more resources we designate for export, the less there will be for current domestic needs.

This problem is of primary significance. On the one hand, only efficient materials management is capable of reducing this contradiction. On the other hand, together with an increase in the number of operational priorities, the "protected" area, which is supplied with materials on the strength of central decisionmaking, is expanding. There are already signs that in this sphere outright anti-incentives to intensive materials management are already arising. This is because the priorities are guaranteeing the delivery of all materials, including those that are in short supply.

While enterprises remaining outside the "protected zone" do not have deliveries of scarce raw and other materials and power guaranteed, since a system of the effective "competition" of goals for which there are limited resources, has not been introduced the distribution of materials will continue to have a character which is far from optimal. I will treat these questions in more detail in one of the succeeding articles, particularly in light of the regulatory principles published on the day on which I am writing these words, i.e., 30 January.

For the present, I wish only to call attention generally to the significance of the problem which has been difficult to understand for 30 years because economic efforts are calculated and, what's more, are evaluated by the standard of total production and not national income. It is no accident that the widespread exposition in our propaganda of the past decade of the idea that we rank among the top 10 in the world industrial production hides the fact that from the viewpoint of per capita national income we rank almost 30th.

To a great extent, materials costs represent the difference between total production and income. The lower these costs per unit of product value, the higher the income on these same outlays.

Thinking in categories of total production separates effects from outlays and, thereby, removes the problem of uneconomical management from the field of vision. And every case of uneconomical management, when it accumulates to a certain point, must be manifested in a supply crisis.

The causes of the crisis in our economy have developed over many years. They are so many places, the most important of which is uneconomical materials management. The sudden decline in raw materials and coproduced deliveries during the past year was doubtless one of the major reasons for the escalation of the economic regression, but, as I shall attempt to demonstrate, rational materials management can considerably slow down this regression.

[8 pp. 22 p. 3]

[Text] We possess a powerful production potential, of which we are utilizing only 60 percent in industry and 50 percent in construction. We have sufficient and, temporarily, surplus resources in the work force, with

the level of qualifications of employees higher than in many of the most developed countries of the world. There is a receptive domestic purchasing market whose needs are not met, and our export possibilities are many times greater than our current exports.

Then why are production and income declining for the third year in a row? This is primarily because we do not have anything from which to produce. We lack raw and other materials, power and fuel. Again it is the same question--why?

We are a country rich in raw materials. Although we lack our own crude oil and iron ore, the generally documented reserves in coal mines amount to over 500 billion tons! At the end of the last decade, our per capita mining production was double the world average. Such developed countries as Switzerland, Austria, Belgium and Italy, not to speak of Japan, would be delighted if, even relatively speaking, they had half of what we have.

It is said that we lack raw and other materials, making materials supply a bottleneck in our economy. This current notion must be revised. The bottleneck is, in reality, excessive materials consumption and waste or the lack of utilization of available reserves. However, let us examine both sides of the coin, if we may compare our materials management to a coin. It is rather a time bomb. This bomb has been "ticking away" for us for a long time, but the people responsible for the economy have been deaf to these signals. Now this bomb has exploded, blowing up our economy. While the fact of the explosion itself is being asserted (it is hard to deny), its primary causes are still passed over in silence.

Let us begin from the supply side of the problem. Our own production and the balance of foreign turnovers determine supply. How does our production of raw and other materials shape up? A precise answer to this question is impossible. Polish Statistics are among the most developed in the world, but GUS does not provide such basic figures as the distribution of production into raw-materials production and processing. In view of this surprising phenomenon, I am fated to make my own estimates. For these purposes, I include the "basic" industries in production of raw and other materials: the coal, fuel, power and ferrous metallurgical industries and nonferrous metals, construction materials and timber industries. One cannot separate the chemical raw materials. Agricultural raw materials for industry must be omitted, since intersubsector input-output tables for the first and last years of the previous decade are lacking. I include the remaining sectors of industry (along with the chemicals industry) with the processing industries.

In this approach, the conventionality of which is forced on the basis of GUS data, it becomes evident that from 1970 to 1979, the increase in the value of production in the processing industries was fourfold that of the "basic" industries, respectively, 896 billion zlotys and 218 billion zlotys (in 1971 prices). Thus, the supply gap was somehow programmed in, and supply volume, allowing for the increase in materials input from 50 to 56.6 percent, amounted to nearly 300 billion zlotys in 1979! If the balance sheets were to "click" obviously a growth in imports was anticipated--and more on this subject later.

The data is still lacking for 1980 and 1981. However, we may assume that since 1980 did not bring about any radical changes in the area under discussion, in 1981 the situation suddenly worsened: production of the most important raw and other materials (beyond electrical power, copper, coke and natural gas) fell to a greater degree than all of industrial production. There were various causes, but the primary cause was undoubtedly the sudden reduction in work time.

There is no doubt that the decline in coal production by 30 million tons was severely felt by the economy. Converted to dollars, this represented a loss to the government of \$2 billion. Of course, only a portion of this amount could have been obtained in the form of foreign-exchange income in convertible currencies.

The loss of 30 million tons of coal is undoubtedly of tremendous importance, but it does not permit us to put the matter in the way, e.g., Mieczyslaw Kaminski did when he stated in KZECZPOSPOLITA's 16 January issue: "The decline in coal production became the most serious obstacle to the implementation of the program for getting out of the crisis." In support of this thesis, M. Kaminski asserts that "in the difficult year 1981, the reduction of coal production by 1 million tons signified a loss in industrial production of worth 30 billion zlotys."

We may surmise from this that if coal production had not fallen by 30 million tons, industrial production would have been greater than it actually was—by 900 billion zlotys! Thus, instead of the decline in this production in 1981 by approximately 430 billion zlotys, we would have achieved an increase on the order of 470 billion zlotys, or nearly 14 percent over 1980's figures. Please, let us not yield to insanity, for then we will never get out of the crisis.

A realistic accounting looks about like this: assuming the existing structure and the coal-intensiveness of industrial production, and adopting the very optimistic hypothesis that imported raw materials for a value of 21 enables us to set in motion domestically total production worth 150 zlotys, it follows that of this (unmined) 30 million tons of coal, we would have to designate 21 million tons for the import of material input, and 9 million tons for consumption in industry in order to achieve an increase in total production on the order of 220 billion zlotys. Of this, only about 80 billion zlotys would be net production (national income) and the rest would be used for the "internal" needs of industry. Thus, if we possessed this 30 million tons of coal, the decline in total industrial production would be less than one-half as great; meanwhile the decline in generated national income in fixed prices would be 9.3 percent instead of the actual 13 percent.

This calculation, which you will please treat as a very "rough" estimate, enables us to form several conclusions:

—first, it approximates the actual range of the volume of production losses incurred by the economy as a consequence of the decrease in coal production of 30 million tons in 1981;

--second, it disputes the thesis cited above which lays the primary blame for last year's economic catastrophe on coalmining because with an output of 193 million tons, there was a decline in income of more than 9 percent, while the first version of the plan envisaged a decline in income of 3.3 percent given 188 million tons of coal output;

--third, it follows from this that other, more powerful factors of economic regression other than the decline in coal production had to be at work here.

I have always been opposed to this "monocultural" coal concept because our economy is too complex (structurally diversified) for only one product, although it is an extremely important one, to determine its fortunes. What is accurate with reference to the situation of the "banana republic" is not true of Poland. I criticized the almost exclusive dependence of the variants of the plan for 1982 upon the volume of coal production, and likewise the officially announced idea that the fate of the economic reform depends on 20 million tons of coal (see TRYBUNA LUDU, 14 October 1981). Coal is not and never was the sole bottleneck of our economy, and the potential of coal for opening up other bottlenecks dwindles not only as revenues from coal exports decline, but also due to the growing dependence on capitalist countries in imports of supplies.

I assert with satisfaction that this view has now been recognized by the Planning Commission. It is expressed in this statement of Deputy Premier Zbigniew Madej made for PAP and published in the 23/24 January 1982 issue of TRYBUNA LUDU: "Several months ago I still held that an improvement in the situation in coalmining would decide the country's emergence from the crisis. Now, while I do not diminish the significance of coal for the economy, I believe that the burden has shifted to the sphere of raw and other materials industrial supply imported from the II payments area."

Now I shall move on to a very abbreviated presentation of a second factor in raw and other materials supply, namely, imports of supplies. The dependence of domestic production upon such imports increased dangerously in the past decade. While I am not discussing the causes, which are the subject of separate considerations, I am stating the irrefutable fact that in 1972 we designated 51 percent of our total imports for running production needs, while in 1980 that figure was nearly 60 percent, with nearly 70 percent of this imported from capitalist countries for an outlay of more than \$6 billion. More precisely, it was not an outlay, but a credit purchase. Our indebtedness has reached such a level that the payment of instalments and interest in 1980 exceeded 80 percent of our foreign-exchange income from exports to this area. In 1981 the situation grew still worse. As a result, imports of supplies from capitalist countries for our entire industry (with the exception of the food industry and agriculture) were drastically reduced by nearly 40 percent (calculated in fixed prices). It was only thanks to compensating deliveries from socialist countries, primarily from the USSR, that the general volume of imports of supplies was reduced by 20 percent. Converting

this in domestic prices, this means an increase in the supply gap of approximately 60 billion zlotys over the course of 1 year. For the sake of comparison, I would like to call to mind that over the entire last decade this gap, evoked by domestic disproportions, reached a level of about 700 billion zlotys. At that time we supplemented this gap with imports on credit, now we must drastically reduce these imports.

Taking into consideration the decline in domestic production, we may assume that the shortage of raw and other materials used by industry amounted to at least 430 billion zlotys in 1981; this roughly corresponds to estimates according to which the loss in total production as a result of the incomplete utilization of our existing potential amounts to approximately 900 billion zlotys. Such is the partial cost of the mistakes in economic policy in the last decade. These consequences accumulated, and in 1981 the threshold volumes, beyond which a spontaneous escalating mechanism begins to operate, were exceeded. In cybernetics this is called positive feedback, i.e., that feedback which distances a given system from a state of equilibrium with ever greater speed. It is considerably more difficult to counteract this movement; much more energy is required than for merely keeping the system in a state of equilibrium.

The primary method of consideration, providing opportunities for halting the rate of decline and for attaining control over decline, was to weaken the basic factor causing instability in our economy. This is bad materials management, so bad that results in relation to outlays incurred are lower and lower. With such management, even if we work more and more, we cannot but have less and less. Materials management, which I understand to be both the management of reserves and production utilization, will be the subject of the next article in this series.

[12 Feb. 82 p. 3]

[Text] In the previous articles of this series I arrived at a dual conclusion. First the shortage of raw and other materials has reached a level of about 430 billion zlotys. In the materials sphere, this became a major cause of the sudden decline in production and income in 1981. The second conclusion, presented in the form of a hypothesis, is that rational materials management can reduce the escalation of economic regression. Now I shall attempt to substantiate this statement.

Theoretically, the problem is represented in the following manner: the greater the outlays per unit of product value, then—other conditions being constant—the less the national income, and in a situation of shortages of raw and other materials, (involving the loss the production potential). This means that if we had been able to manage the available resources better (i.e., more efficiently), the decline in production and, moreover, income, would have been less than the actual decline in 1981. Practically speaking, the problem boils down to revealing the extent and the consequences of non-rational materials management.

Unfortunately, the phenomenon of low efficiency in materials utilization is not a new one for us, but recently it has become more intense. I shall attempt here to demonstrate the situation of last year against the background of the tendencies of the previous years.

Materials management encompasses two primary spheres: the management of available reserves and production utilization. I shall begin from reserves. Two factors are basic here: the state of reserves and a change in the state. Contrary to the prevalent views, it is bad (and not good) when reserves are too plentiful. In such a case, the surplus is a headache, since excessive reserves mean the freezing of outlays already incurred in the form of labor and material. Excessive reserves are especially detrimental when there are shortages of raw and other materials in the economy.

On 30 November 1981, reserves in the socialized economy had reached a value of 1,274,000,000,000 zlotys, for an increase of 43.4 billion zlotys by comparison with the situation of 1 January 1981. However, since during the same period reserves of goods in domestic trade declined by 69 billion zlotys, therefore in the production sphere the increase amounted to nearly 113 billion zlotys, of which almost 90 billion zlotys fell to industry.

Let us take a look at what these figures mean. In relation to total national income, the state of reserves has always been too high. At the same time, reserves of materials for production were (and are) too plentiful, while reserves of goods in trade are insufficient. International comparisons are so complicated that it is impossible to give precise figures. Nonetheless, there are estimates that the amount of our reserves is from 30 to 50 percent greater than, e.g., in Great Britain or the FRG. In relation to the amount of national income, the value of reserves in the entire economy increased from 56 percent in 1980 to 68 percent in 1981! If we assume that national reserves should not exceed 50 percent of the total national income, it becomes apparent that in 1981 approximately 160 billion zlotys was frozen in excessive reserves.

Reserves occur in various forms. There are materials for production, finished products (reproduced), goods (i.e., products for sale on the domestic market and for export) and semifinished production. However, every type of reserve involves direct and indirect labor. Freezing this is harmful in two ways: on the one hand, there is a reduction in the potential supply of finished products, while on the other, inflationary pressures increase.

In 1981, the management of reserves significantly worsened. This is best demonstrated by the phenomenon of increasing categories. Hence, in 1971 and 1975 for every zloty of increase in industrial production sold, there was 10 groszy of increase in the reserves of materials for production (this is the first of the four forms of reserves which I mentioned above).

Since materials represent about one-half the price of the finished product, it follows that approximately one-fifth of the increase in the total supply of raw and other materials for production had been laid aside each year in the form of reserves.

Even at that time this was a tremendous waste, but in the past 2 years the situation became suddenly worse. In 1980, for every zloty of production sold, materials reserves increased 36 groszy, and in 1981 for every zloty of production decline, this increase amounted to 19 groszy! In total amounts: industrial production, calculated in current prices, declined 176 billion zlotys in 1981, while the reserves of materials alone increased 33 billion zlotys. Meanwhile, if we also take into consideration coproduced products, the combined increase amounts to 55 billion zlotys, whereas with rational management of reserves, in industry alone there should be a decline of at least 26 billion zlotys of these reserves.

This means that in the past year, as a consequence of the irrational management of reserves, raw and other materials and coproduced elements valued at approximately 80 billion zlotys were "immobilized," and were thus removed from the economic cycle. (If this were calculated in fixed prices, the figure would be much higher.)

Here I call to mind a figure given as an estimate in the previous article, namely, that as a consequence of import restrictions, materials supply has been reduced by approximately 60 billion zlotys. Thus, the irrational increase in reserves has increased the supply gap to a greater degree than import restrictions. However, as much as there is incessant discussion of the effect of the latter, the poor management of reserves, although it is at least an equally important cause of the deepening of the crisis, to the same extent remains behind a screen of silence.

Obviously, the structure of material reserves is separate from our own production and from imports. We import from abroad what we do not have ourselves. Import restrictions have intensified shortages, creating obstacles at the most critical points. Nonetheless, I maintain that the amounts given above are comparable on a broad scale. Full proof of this hypothesis would require an entire paper. I shall limit myself here to only one example to show the course of my reasoning.

Again, at the end of September 1981, the reserve of electrical-power residuals in our economy amounted to 151,600 kilometers! This amount, which could circumscribe the globe almost four times at that time was enough for 257 days of our production! We had only enough electrical-power cables at the end of last year for 176 days (5,500 kilometers); meanwhile, cable production amounted to 21,600 kilometers over the year, or 58 percent more than projected by the plan (revised downward from May 1981). Although it was reported by midyear that the plan would be exceeded, during the fourth quarter another 3,700 kilometers of cable was produced.

There are two paradoxes here. On the one hand, builders maintain that they receive insufficient electrical-power conduits and this is one reason that housing construction has not fulfilled the plan. The second paradox is of a more general nature. How much nonferrous metals and insulation materials—which are lacking in other fields of the economy—are utilized in the unnecessary increase in the production of these cables and conduits? How much coal and power are used for this production? To look at it another way: how much would our potential for importing scarce materials increase if we had not frozen the copper, aluminum and coal used to produce these thousands of kilometers of cable and conduits? We must import aluminum and we are paid ready cash for copper and coal by foreign countries.

There are many such examples. By the end of September 1981, reserves exceeding what would be utilized during 100 days of production occurred for such items as: standard-gauge and tram track, steel rods and sections, steel pipes (seamed and seamless), cut and rolled belts, drawn and ground rods, rolled products extruded and drawn from copper, aluminum foil, telephone cables and all types of pulpwood and deciduous lumber. At the same time, in many other cases, reserves have barely sufficed for several days of production, creating bottlenecks for them.

To avoid misunderstandings, I would like to state clearly: although the Office of Materials Management [UGM] is responsible for managing reserves, the burden of this responsibility does not fall only on it. The basic cause lies with production policy: who was so interested in the production of such an excess of cable, and why? Who permitted the production plan to be exceeded instead of being still further reduced?

The UGM would have to have the right to regulate production volume from the viewpoint of a rational reserves situation. On the other hand, the UGM already has a real influence upon the development of an increase in reserves among consignees, since it conducts regulation or checks on it. All these percentage increases are from several to several dozen times greater every year than in all capitalist countries, whose economies, as everyone knows, do not suffer from so-called supply shortages. Please do not give explanations of the "objective" causes of hoarding by our suppliers—just eliminate the causes of the evil.

To return to the figures I gave above: the unfounded increase in the reserves of materials and coproduced elements alone during the course of the past year amounted to 80 billion zlotys. This made it impossible for us to reach the level of approximately 50 billion zlotys in net industrial production, or national income (given the current, very low efficiency of materials input). If this had happened, the national income would have been lower not by 13 percent, but by 10.7 percent. I note here also the calculation from the previous articles, that as a consequence of the loss of 30 million tons of coal, the national income generated in industry was reduced by 80 billion zlotys (everything is calculated according to the prices in the 1982 plan—before changes in producer and retail prices). If we had been able both to mine this 30

million tons of coal and to utilize the raw and other materials which were frozen in the increase of irrational reserves in production, the generated losses would have been lower only by approximately 150 billion zlotys (and not by 283 billion); meanwhile the degree of regression in relation to 1980 would have been reduced from 13 percent to 7 percent.

This comparison alone demonstrated the significance of the management of resources. And here again a characteristic difference: a great deal is said about the effect of the decline in imports and coalmining (extensive factors) on the intensity of the crisis; meanwhile, no one has said a word until now about the role of such an intensive factor as the rational utilization of reserves, despite the fact that with regard to its significance it is a factor comparable to the others. Here we are simply called upon to change the economic mentality in the direction outlined in the government anticrisis program from June 1981. Everyone must understand that we can get out of the crisis only when we begin to manage the resources we already have more efficiently.

These possibilities are greater than we are ready to admit. Some of them will appear in the next article in this series, which is devoted to the utilization of materials, raw materials and power in the course of production processes.

[19 Feb 82, pp 3, 4]

[Text] Raw and other materials represent the biggest item in the costs of production, particularly industrial production. They exceed one-half the value of total production. Their economic significance, however, is based on something else: the less the material "input," then--given the same total production volume--the greater the national income.

The size of the national income is a basic criterion of every economic activity. It is not total production but per capita national income which determines the level of economic development. The several exceptions fall--critical as not undermine this truth; these may be omitted within the framework of these considerations, like all scholarly arguments which treat the national income as an economic category. For our purposes, it is enough to state at this time that getting out of the crisis is possible only if we achieve an increase in national income. This is not at all synonymous with an increase in total production. The difference lies almost exclusively with material outlays. It is for this reason that the government anticrisis program from June 1981 stated the following requirement as the first priority among five general principles of action: "The use of intensive methods of management rather than extensive methods, based on an increase in labor, raw material and investment outlays, should play a basic role in the surmounting of the crisis. The intensification of management demands, above all, the elimination of waste of available production elements, particularly those in short supply. In the wake of this, it is necessary that emphasis be placed on the maximally rational use of all production elements, i.e., that outlays of labor and material elements be reduced per product unit. The better utilization of already available resources, and therefore the intensification of management, must be the fundamental method for taming the crisis."

I call to mind those words which are binding for all people in our economy, but above all for those who have positions of leadership within it. I recall these words now, since in the course of the past 7 months nothing has been done which could be called an evident, if a first step in the direction of reducing the material- and energy-intensiveness of production. On the contrary, in 1981 the situation became worse in this regard, and neither the assumptions nor the operational programs planned for the current year indicate that there should be a departure from the mentality of the extensive strategy. The basic reaction to increased tasks in the sphere of production results continues to be calling for increased outlays.

Is it an accident that the GUS announcement, powerful in scope, not once makes use of the term "efficiency"? Amid a thousand figures there is not even one demonstrating an increase in material-intensiveness. This announcement is a typical example of the separation of results and outlays and thus does not demand or even encourage an economic analysis of the causes for the deepening of the economic crisis last year.

I read over the several recent economic analyses and forecasts prepared for internal use, i.e., for the use of the so-called decisionmakers. It is the same with these. None of these documents treats the problem of materials management. Does no one really see the need to reflect upon how to reduce per-unit consumption in order to achieve the given result through reduced outlays? In any case, the subordination of economic policy to this primary rule, the execution of which offers the only chance not only of our getting out of the crisis relatively quickly but also of attaining this goal at the lowest possible cost to society, is still not apparent.

Here is the data for 1981. The GUS announcement states that total industrial production fell by approximately 430 billion zlotys, or 12.6 percent. Meanwhile, in another section of this announcement there is the statement that net industrial production was lower by approximately 14 percent. Who reconciled these two indicators and who computed what they mean in practice converted to billions of zlotys? It is after all, a simple calculation. If material costs (85 percent of which consist of material outlays) had not risen, these two indicators would be equal. However, the decline in net production was more severe than the decline in total production, because of the increase in material costs. Had they not risen, then given the same outlays, generated national income in industry in 1981 would have been higher by 70 billion zlotys! And as the increase in material consumption in industry alone caused practically the same decline in the national income as the reduction in final output by 30 million tons (see my article above in TRYBUNA LUDU, 4 February 1982 (p. 3) edition 4A). But, as in the case of excessive reserves, all are silent with regard to this as a cause. GUS does not print it out, nor is it noted in numerous press commentaries about the GUS announcement.

This 70 billion zlotys of lost income applies only to the year 1981, and only to industry in that year. The material-intensiveness of industrial production, however, has grown over many years, despite all government directives and all of the assumptions of planners.

In 1978, in issue No 9 of GOSPODARSTWA PŁANOWA, Ryszard Domanski stated, on the basis of extensive documentation of the problem, that from 1955 to 1973, increased material outlays absorbed nearly 70 percent of the increase in total industrial production. In other words: industry has been working for itself to a greater and greater degree, and not to serve society's needs. In conjunction with this, Domanski warned: "Were this phenomenon to repeat itself during the next five-year plan, we would have on our hands an increase in total production accompanied by an absolute decline in generated national income in industry."

Let us translate these words into everyday language. They mean that, given greater and greater increases in production, we would become poorer and poorer! However, the warnings of Domanski, like those of several others, were not heeded. As a result, the share of material costs which, according to the 1976-1980 NPPG, was to fall 1.74 percent annually, in fact rose from 34.4 percent in 1973 to 36.6 percent in 1979 and, according to my own estimates, reached a level of 39 percent in 1981.

We like to compare ourselves with other countries. Thus, let us make a comparison with the FRG. I chose this country because of its similar sector structure of industrial production, a factor which has tremendous influence upon the level of material outlays. And so, in 1977 in the FRG, the share of these outlays amounted in industry to 30.4 percent, while in Poland in 1979, it amounted to 36.6 percent. Respectively, net production amounted to 42.4 and 32.1 percent. If, in Poland, the share of material costs had been the same as in the FRG, in 1979 we would have used 190 billion zlotys less in raw and other materials to attain the same total production. For 1981, the result of such a calculation could have been striking: given the same material outlays as we incurred for industrial production in 1981, its total value and the national income generated in industry would have been greater by 890 billion zlotys than the value actually attained. If I add that in 1981 our total industrial production declined by 430 billion zlotys, and the entire national income declined by approximately 260 billion zlotys, it is easy to calculate by what amount we could have been "better off."

Of course, this entire comparison is of hypothetical value. It merely demonstrates the range of the distance separating us from one of the most economically developed countries of the world. At the same time, it shows the tremendous reserves which are embedded in our economy. To a great extent, these reserves may be attained by an intensification of our method of management. However, we must realize that not all effects can be attained relatively quickly.

The amount of the share of material costs depends upon many different factors. It depends, above all, on the production structure, which I have already mentioned. In 1973, Switzerland machines over \$1 billion

from exporting watches, while Poland gained \$206 million by exporting ships. How much metal had to be used in each case? Obviously, we cannot have the Swiss industrial production structure, but we must exchange our structure for a more efficient one. This is not done "while you wait." Unfortunately, we have not made even the first step in this direction, although the anticrisis program postulated it.

A great deal also depends on technology. In cement production, the "wet" method uses double the fuel of the "dry" method, and the per-unit investment costs of the latter are scarcely several percentage points higher. In the last decade, an enormous number of gross errors was made in this area, but the equipment has already been installed. It takes time, as well as foreign-exchange currency which we do not have, to replace it. Thus, we can change technology minimally, according to the range of our possibilities.

The third factor is product quality and modernness. More or less the same amount of material (in terms of weight) is needed to produce the Polonez and the Ford Taunus, but the Taunus costs up to triple the cost of the Polonez in foreign-exchange currency. Here technical progress and the quality of labor play a vital role. There are many patents still in drawers, and the inclination of our industry toward innovation continues to be very low.

Material-intensiveness depends ultimately on construction. It is known, e.g., that our machinery is too heavy, and that per cubic meter of cubic construction, we use half again as much cement as in the case in the cold Scandinavian countries. Here the quickest results may be obtained only if industry were to supply semifinished products with optimal overall dimensions. This in turn, given the existing technology, depends primarily upon the system of planning and motivation.

In all of the spheres noted above we are extremely backward, which means that by comparison with the developed countries of the West, per unit of national income we use much more--sometimes even several times more--power, coal, steel, cement and virtually all basic raw materials. A basic conclusion follows from this: we have so-called supply shortages not because we produce too little raw and other materials, but because we consume too much raw and other materials. The fundamental imperative of the anticrisis strategy is unmistakably to intensify management of the available material resources by reducing outlays per unit of value of the finished product.

In order to better meet the needs of society, it is necessary that we increase final production, but we will never meet this challenge by merely increasing raw-materials production to cover our growing material outlays. On the other hand, we can meet it primarily by reducing per-unit consumption. In conjunction with this, the fact that this obvious truth and the strategic imperative following from it were not expressed in recently published calendar of activities of the Council of Ministers fills me with alarm.

THESE QUESTIONS ON PRICE REFORM DISCUSSED IN INTERVIEW

Warsaw (YOUTH) POLSKI In Polish 24 Jan 82 pp 9, 21

[Conferred with Prof. Andrzej Krawinski, chairman of the State Pricing Commission, Dr. Antoni PRAKTYKOWSKI in Warsaw (date not given)]

(Text) State Pricing Commission Warsaw dated
August 1981 17

A thousand letters have been sent to this address, many with the inscription "delivered to the Minister Krasinski," sent from towns and villages, from the farthest corners of the country, registered first in special books and then read again very carefully and slowly. Each letter is important, each proposal has meaning. There is nothing stronger than this, as price increases--a subject that has been embarrassingly kept quiet since 1976--recently, for over a year, once again have awakened doubts and questions, and must be analyzed and discussed by all interested parties.

(Question) Sir, the answer to which question gives you the greatest problem today?

(Answer) Professor, I have doubts that society is prepared to accept the price increases. I am not responding specifically, but I am saying that price increases for many families, that price increases raise the cost of living through no visible form of social insurance and that it is not possible to think of this as a painless course. And this course is necessary. The alternative perspective is that the ulcer appeared in 1970, and the patient was told that it would disappear by itself. When it did not disappear and the illness began to gather strength, it was decided to use inflation. Some role was fulfilled by loans from abroad amounting to billions of dollars. Six years later, the ulcer started to bleed, but no plans had yet been made for amputation. Today, the state of the patient, our economy, is dire, although this does not mean it is hopeless. It is only necessary to act in the operation immediately.

(Question) Then without price reform, we cannot wage a debate?

(Answer) No way, and it is a very natural demand. The first condition for debate with the International Monetary Fund is stated quite clearly: It is necessary to raise prices and make the costs of production realistic. This is the second condition for the discussion of the necessity to increase and produce.

[Question] Although no one can question the arguments about the necessity for price changes, it is somewhat difficult to accept the notion that we shall have to pay more for almost everything. And this provokes a certain kind of emotion. For example, how is your family accepting these increases? Do you have any real advocates of your concepts in your family?

[Answer] My 20-year-old daughter is an advocate of price reform both in my family and among her friends, and thus a representative of the youngest, more sensitive. My wife, on the other hand, like all homemakers, clearly warns that consumption will have to be cut back. Tantamount to this is a change in the structure of consumption; i.e., it will be necessary to abstain from those goods whose price is rising the fastest and to choose other goods whose prices have remained relatively stable. It is simply necessary to accept these facts.

[Question] Are your contemporaries also in agreement with this?

[Answer] I cannot claim that, and thus prior to the imposition of martial law, some people used the State Pricing Commission as a vent for emotion and excitement and complained not only of the plan but also of its author--me. But I could not have a conversation for price changes only in fragments, but people wanted to know in specific amounts; e.g., how high would the prices go or what the compensation would be. Thus, irritation can be explained. At the same time, some points were revealed, with the exception of opinions expressed by veterans and pensioners.

From the second half of December, when the brochure containing proposals for changes in retail prices was made available to the greater part of society, the discussion took on more concrete dimensions, and also of a higher intellectual nature. Indeed, many letters came in containing observations and questions which showed clearly that the entire issue was at the center of public interest. It is a pity though that some did not read everything in the brochure. Price reform requires further education and more information.

[Question] What is exactly the purpose of our discussion, Sir, most of the questions included in two letters concern the amount of increase in the price of some goods and their with a dramatic increase, when it is well known that Poland possesses large amounts of coal? An increase in the price of coal would cause immediate increase in the price of the masses of other goods....

[Answer] Compensation for coal, natural gas and energy is the subject of individual letters. We received from about 10 percent of the readers of the brochure, who sent their opinions to us. I would say this: as long as we have a shortage of coal, we must take care that gold is not wasted. If I could choose, it cannot be otherwise if we accept the principle of compensation for these raw materials that we import from abroad and use in our production, which are the object of our export in accordance with international relations. This is why, in the world, we must also value coal. Naturally, it comes in a different way, because up to now, we have frequently imported it without paying for it rightly, and now we have to take pencil in hand and draw up a plan and realize whether the data show an economic payoff. Despite the introduction of new producer prices, the actual price of produced

And from our sales was 930 zlotys, but we sold it for 550 zlotys. We even lost money on the "gold." We must now realize that we are really using a valuable raw energy resource.

Question: Next question in the cycle: why so much? The proposal to change the price of an average sausage has irked people. One hundred ninety zlotys per kilogram is the same amount we have paid up to now for ham. After all, not everyone is able to pay it,...

Answer: Let us remember also that several years ago Secretary Gomulka stated that in his lifetime he did not want to see a price increase in the popular motorcycle 500, or in the average sausage. And so it was--the price of sausage has been maintained up until now at all costs, but more and more subsidies were needed to maintain it. Of course, we could have made a false venture today and set the price at 120 zlotys, for example. However, this would have been a conscious effort in socialist society, as was generally done in the past.

On the other hand, I am so sure that if the enterprises that want to be independent want to be obligated to produce the average sausage at the lower price, then later when the market mechanism starts to function, the meat-producing plants would quickly halt production of lower-priced sausage. Thus, a lower, fictitious price would remain, but no one would be able to buy the sausage in the stores. I have fought against the fiction from the very beginning.

Question: However, how advised here--will these prices really be based upon cost-effectiveness analysis? In the case of sausage, there is no threat, because the price is set by the state, but the fears can concern a wide array of other articles whose prices are stipulated.

Answer: The new prices will be based upon the analysis. No one will permit them to fluctuate without end. From where then will the disbelief come? That same danger remains, and we go back to free prices, that category of prices that independent enterprises can set based upon the cost of production and without controls that has not been considered much up to now--the equilibrium prices. In a case when the production of a given article is low and unbalanced, the enterprise can collect a significant sum, resulting from the market imbalance. On the other hand, the rationale for an enterprise's behavior is governed by instruments that up to now have functioned minimally and even more not functioned at all. In the case of mass production, market mechanisms will essentially determine the price. That is the way it is in the world.

Question: Then what prevents us from excessive price increases set directly by the government?

Answer: First of all, the tax system that permits the enterprise to set a price that is considerably higher than its production costs and to collect profits, and it also takes from them, but as a progressive tax that quickly increases. Thus, when the difference in flows reaches market equilibrium, it

burdens the enterprise with a high turnover tax, and in that way takes the surplus from the producers, at the same time not allowing them to act rationally.

Certainly, there will be cases when the enterprise will want to earmark the profit to increase the wage fund. If it increases by 5 percent annually, we shall look at it as something suitable and acceptable, but if it increases by 10 or 15 percent, then a revenue agent will soon appear and say, "If you can no longer well to increase your pay, then you can also turn some of it over to the Ministry of Finance." The tax rate could reach 400 percent; it is thus a potential instrument to discourage enterprises from setting excessive retail prices.

[Question] However, does the enterprise not stop this prior to price escalation?

[Answer] After the market has achieved equilibrium, which means the people have just the amount of money in their pockets as there are goods to buy, the producer will equally meet with the reluctance to purchase expensive goods. For example, if in the next 6 months, or this year, there is a market because the people have a certain amount of money, then next year the barrier can be broken, resulting from the equilibrium of supply and demand. And then, what will happen at the enterprise? Probably for the first time in the Polish People's Republic a quick lowering of prices will have to be considered. It will begin with thoughts as to how to lower the use of raw materials and energy, how to stimulate creative activity, how to reduce the administrative apparatus, and later there will be a search for reserves among the production conditions. At that time, a rational economy will begin. Will the prices be rational? They will be but not immediately; only after the entire economic mechanism has entered the picture. And this will guarantee the way to prosperity for our society.

[Question] A beautiful word "prosperity."

[Answer] After all, we live in Europe.

[Question] However, before this prosperity is realized, we have to look at our workers and also at... compensation. People state that it is too small, and... these are equal the costs of the price increases.

[Answer] Unfortunately, almost everyone of us must cover this cost. We have come from the assumption that we must be very careful that consumption by the people does not become worse, but it cannot worsen by even the slightest amount. As a result, to ensure that none of those families loses, we must give a larger compensation than the total of their expenses. Thus, we are transferring to the poor groups the surplus acquired by the price increase. The same thing is happening in establishing compensation for children, and... something which was up to now have received only symbolic family allowances. In other words, it is possible to say that the goal of the... economic program is to transfer the food fund from one level to another and the general picture of the consumer society will be different after the... and... from the price to them.

[Question] You are an eternal optimist.

[Answer] I am not saying that different means better. Transfer of a significant portion of the compensation to the social portion shows that we are becoming a "state of prosperity" in which social needs are financed rather than the growth of labor productivity. This is a serious charge made by economists. I shall rebut them in a two-fold manner. I say that this is necessary, and we cannot do anything about it. I frequently acknowledge this with the following statement: "so what if the wealthy have to lose the most and that the gap between income and earnings becomes smaller, since there is nothing else we can do." Second--as experience teaches, at least our post-war one--the wealthy are in a better psychological and physical condition and they manage in very difficult situations.

[Question] Sir, you are known as an optimist. Have you not ever had a moment of disillusion, disbelief or despair in your career?

[Answer] I shall answer that in this way: for the whole time, I have believed and believe in the society and the nation. However, there have been moments when I was in despair about some people. Chief among these people are those with whom I have the occasion to meet in the office, who have a coded dread of the truth, who could not nor do not want to tell society what was coming and who lived through the uprising.

[Question] Thank you for the discussion.

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Date: 1960 3/2

MINISTERIAL COMMENTS ON AGRICULTURAL SITUATION, PROSPECTS

Warsaw CHLOPSKA DROGA in Polish 24 Feb 82 pp 1, 3

[Interview with Jerzy Wojtecki, minister of agriculture and the food economy, by Kazimierz Wozniacki; date and place not given]

[Text] [Question] Spring has come for farmers. What are the tasks of farming against the background of an evaluation of the current situation?

[Answer] It is still difficult to say how the winter crops have survived the cold. However, we do know that in some regions many winter crops have suffered as a result of flooding. This happened in Plock, Gorzow, Konin voivodships, as well as in several others. It is here above all that farmers must be aided by being sent seeds, fertilizers, pesticides and additional allotments of coal.

With what will we supply farmers during the early spring? There will not be an abundance of grain sowing material.

There may be problems with the supply of a certain amount of papilionaceous fine-grain seeds. I have in mind above all clover and alfalfa, although we are much more optimistic today than we were even yesterday concerning the state of the seed supply of these plant crops, for we have received certain additional amounts from France. We purchased them in exchange for exported grain seeds, of which we had a surplus. We also purchased Persian clover in Afghanistan and Iran. I hope that it arrives in time. Meanwhile, we will have some leguminous seeds. We will also have a good amount of seeds of early sowing mixtures which have a short growing period, imported from France, Yugoslavia, the USSR and Rumania. There should be no problem with legumes, corn and other grain seeds.

The situation will be worse with regard to onion seeds. Their scarcity is the result of a poor harvest caused by an attack of powdery mildew on the onion crops.

With regard to seed potatoes, problems of a more serious nature are not anticipated, although there may be problems with certain varieties. In any event, the situation is considerably better than it was last year and I believe that even again, with the help of our neighbors, we should be able to succeed quickly in the renewal of seed potatoes.

What is the situation with regard to deliveries of mineral fertilizers? It is not good. For this year's harvests, our agriculture will receive 6 kg of NPK [nitrogen-phosphorus-potassium] less per hectare than last year. This is sure to cause problems.

Since this is the situation, we are reevaluating deliveries of fertilizer for the particular voivodships. We are revising distribution factors of fertilizer for agricultural grain and industrial crops, and what is left will go for fodder crops and grasslands.

[Question] Should greater importance should be attached to organic fertilizers.

[Answer] Exactly. Incidentally, I would like to emphasize the necessity of making better use of them and, in some regions and on some farms, to need to actually return to the use of organic fertilizers. This is by no means an issue for today alone, but also for the next few years. For we must deal with the fact that there will not be the dynamic development in the increase and production of fertilizers that we envisaged during the next few years. Hence, the importance of organic fertilizers on all types of farms will grow. This question basically concerns specialized farms which—let us make it clear—readily drifted at the issue of organic fertilization in recent years.

The crop protection situation will be somewhat improved over last year. Unfortunately, most crop protection preparations are purchased abroad—for 500 million. But we need more than this—we would have to spend \$120 million to clear up basic problems.

[Question] What plans are being made to insure our agriculture the indispensable amount of pesticides?

[Answer] The industry has once again embarked on the production of preparations that had been dropped from production.

We have in mind preparations based on copper oxychloride, old copper 30, copper 40, or even the production of blue vitriol (enabling the preparation of the Bordeaux mixture) and preparations based on sulfur-colloidal sulfur and so forth.

We will have considerably more of these this year. We are also returning to the production of preparations based on lindane.

[Question] These are anti-beetle preparations, are they not? Today I had a phone call from someone who asked whether there will be a sufficient amount of these pesticides?

[Answer] I think that both the questioner and all farmers may rest assured that they will have what they need to fight beetles. There will be both domestically produced agents and agents based on imported raw materials. There should be more herbicides, but these will be directed above all toward protecting cereals and seed crop lands.

[Question] When we are talking about spring, we should ask whether the "summer" for farm equipment deliveries will finally begin?

[Answer] There will be more light machinery, horse-drawn machinery and farm implements. This is the result of the gradual--unfortunately always too slow--shift of industry toward production for agriculture. Unfortunately, there will be 5,000 fewer tractors, and fewer beet and potato harvesters and fewer parts for grain equipment and other heavy machinery.

Today, as a result of intervention, following a conference with volvodship governors, I learned that there will be more steaming plants. There will also be more spare parts; although there will be no significant improvement in deliveries of tires and storage batteries.

[Question] What tasks and eventual directions of change in the sowing structure does the Ministry of Agriculture anticipate?

[Answer] We should do everything possible to sow grain on an area of approximately 3 million hectares. We sowed winter crops on an area of 4.5 million hectares. We would like to sow spring grain on 3.7 million hectares, counting on the possibility of sowing through parts of winter grains.

The grain problem, as this year plainly illustrates, is a problem of unprecedented importance. It is at the same time the bread issue and the fodder issue.

A second crop of great importance is rape. We sowed rape on an area somewhat larger than last year, but it is not known how it withstands the cold. Thus, several hundred tons of spring rape have been gathered which will be offered to farmers for sowing through. While we are aware that its yield is somewhat poorer than winter rape, the new procurement prices for rape are so attractive that I believe that it will be profitable, even with lower yields.

We think that potatoes should be planted on an area as large as last year's. We would be very eager to repeat last year's results with the beet crop. It was an excellent year. We produced 1.72 million tons of sugar, and more fodder--the cattle-leaves and pulp--than in some years.

[Question] A primary issue with regard to fodder should certainly be concern over providing fodder on grasslands, should it not?

[Answer] In speaking of fertilizers, I already mentioned that we would like to reserve substantially large amounts to enrich grasslands. Here we have our product reserves. This refers not only to fertilization but also to the cultivation of meadows and pastures. But, of course, this is also linked with the reclamation of these grasslands, with their drainage. This year we will devote more attention to reclamation than in other years. Last year too few fields were drained--together somewhat more than 80,000 hectares.

[Question] Are filters a limitation?

[Answer] Yes, both ceramic and plastic filters. There are supposed to be somewhat more this year, but still not enough to meet the plans and potential of land reclamation enterprises. This year, given the shortage of filters, we will avail ourselves of the construction of river levees and small storage reservoirs. Special teams will be appointed to build these levees and water reservoirs.

[Question] Given the shortage of filters, the plans of land reclamation enterprises would certainly do much more than they have been doing in the area of development and water-ratio control on grasslands.

[Answer] In reality, we would like to use not only land reclamation elements to a greater degree for the implementation of these tasks, but also water companies, which do not operate effectively everywhere. In many voivodships, we have excellent examples of the work of water companies and of the involvement of the rural population and farmers in water-ratio control on grasslands. But there are also many voivodships in which it has not been possible to do this. It is in these voivodships that there is the desire for interesting initiatives. At our most recent deliberations, voivodship governors had much to say on this subject. I believe that this year things will go better in this area. However, there must be someone to direct this efficiently.

This year we are transferring land reclamation enterprises to voivodship governors. I believe that under their control, these enterprises will be able to serve the agriculture of their voivodships more effectively.

[Question] Since we are speaking of agricultural investments, permit me to analyze the fears of farmers just starting out, often young people, that the new prices for the means of farm production, timber and machinery will prevent them from reaching the full production potential of their farms.

[Answer] The entire price operation is jelling--that is true. But recently I went into farms and by means of various diagrams we proved to ourselves that this debt is not as frightful as described. It would seem that a farmer who could afford to buy a tractor yesterday cannot afford one today. This is not so. In reality, according to the new prices, he must pay additionally the equivalent of five or six perches by comparison with prices from April 1961.

[Question] In the case of farms which have yet to make investments, not only do increased outlays for machinery, seeds, fodder and fertilizers mount up, but also higher prices for land reclamation, construction materials and for equipment, pig seeds and pig prices.

[Answer] Understandably, those whose additional investments for farming have already been made and who, for this reason, produce more, will muddle through this price operation more easily. Farmers just starting out, including young farmers, will find it more painful. However, the credit revolution will aid young farmers.

[Question] However, it seems that it is worthwhile to observe how these farms will continue to develop, given their unequal start.

[Demost.] That is why the Institute of Agricultural Economy has received a recommendation to undertake studies of new farms, just starting out, in order to enable the drawing of conclusions on this basis, as well as the making of decisions serving the development of farms run by young people.

The decision concerning procurement price increases for farm products is also linked with this. Initially, a procurement price increase was proposed that would fully cover the increase in production costs, i.e., an increase of up to 75 percent. After discussion it was acknowledged that such an increase in prices would be profitable for large, additionally invested producers alone, while it would be less profitable for those who are novices, weaker, who are building and are in the process of buying machinery, and who must make use of services. For this reason it was acknowledged that for this group of farms it would be more profitable to initiate a somewhat lesser procurement price increase for farm products, of up to 21-23 percent and to designate the remaining amount, up to 53 billion zlotys, for subsidizing the means of production, including fertilizers, pesticides and some services, above all.

[Demost.] The issue of price escalation for repair services disturbs farmers. In the PDR's [Public Machine Stations], the hourly wage rate for a mechanic is 22 zlotys, while at the KKE's [Agricultural Circles' Cooperatives]--203 zlotys. Would not improvement in the use of farm machinery, and operating and maintaining it better, be a more appropriate material interest for tractor drivers and mechanics?

[Demost.] There has been a misunderstanding about the price list prepared by the PDR [People's Republic of Agricultural Circles and Organizations] and sent down to the farms. It is not considered everywhere to be a draft, but a directive. This has caused some unnecessary commotion, and it has upset farmers.

Prices and wages for those rendering services will increase considerably. In connection with this, the price of services must also increase. However, the prices proposed by KKEs are proposals, while the rate of payment for machine repairs will be fixed by the consumer's council itself. However, there is one condition: the KKE must be run for profit. Since it operates within a socialist system, it cannot become demoralized because of unprofitability. Increasing prices is in the interest of farmers. Also, independently of this, services will be subsidized for a total of up to more than 10 billion zlotys annually.

[Demost.] To me that if the consumers' council which will approve prices indicated that a service is to be cheaper, the KKE management and work forces must do considerably more than previously to see that equipment is better operated and maintained.

[Demost.] That under the new economic system, the KKE's will work better, but the farms, the consumers' councils, especially their managerial capacity, the farms must grow they will be. It is important that the farmers sitting on these councils be themselves the managers of the KKE's.

[Demost.] Farmers achieved these material gains a long time ago.

[Moscow] Yes, they did. Words of criticism, demands and the proposals of consumers' committees are ignored. The director and the administration get their way. But they must change.

[Moscow] At the end of last year, the administrative body of the Ministry of Agriculture examined a paper comparing the living standard of the farm and nonfarm population. This comparison was decidedly not in favor of rural areas. It was prepared only to counteract anti-rural attitudes arising because of problems with acquiring food.

[Moscow] Actually it was done to show urban populations the continuing great disproportion in supplying the farm and nonfarm population with basic consumer goods. This includes radio receivers, televisions, automobiles, washing machines and other luxuries (even in rural areas, although they are more necessary than elsewhere), telephones and other consumer goods. It was and is a question of elaboration of an entire program for gradually reducing these disproportions.

It was already evident last November, when the highly criticized tied-in sale was introduced and the volume of deliveries of consumer goods for rural areas was cut off, that these areas were receiving from 15 to 20 percent less. There is still responsibility in the ministry that these goods should be distributed more justly, in relation to the number of rural and urban inhabitants. However, in order to eliminate these disproportions--apart from their distribution--more of these consumer goods must be produced for rural areas.

Increasing investments of a civilizing nature or such social investments as the construction of water supply systems, medical clinics, roads and telephone networks in rural areas, given the conditions of limited investments, must deal with the improvement of society in general. Against the background of food problems and the shortage of grain for bread, is there not being created an atmosphere which is unfavorable to farming and to meeting its needs?

[Moscow] There is this disproportion of the distribution in the village. The goods which the state has supplied previously are distributed to farm producers. It is clear that the industrial goods distribution has grown more and more between the urban and rural populations in recent history. But why have economic ties been broken, but the agricultural system, the basis of our system, has been more neglected?

It seems necessary to be, explaining the basis for the supply shortage, which was deeper for bread than this. Some people are in a position to provide only food that they may do, but they need to live more--practically from the urban areas. However, urban areas do not always realize this.

It seems that some industries, by not having taken an active part in production on the part of the farm, have to (especially the result of a lack of understanding of the need of farmers and also, not sufficiently, because the industrial sector has been held to have an advantage to produce a worker or a still greater measure. It also reflects the production dignity, when he says to some of the industrialists that made such things.

[Question] Is this false pride?

[Answer] We have spoken of our country as the 10th world industrial power, but we have failed to notice that this power does not produce enough pitch-forks, hammers, steaming plants, buckets and nails. If this changes, there will be more food on our tables. To a great extent, these are subjective matters, but objective circumstances.

[Question] What is the attitude of the rural population to city dwellers?

[Answer] I think that the rural population has also harmed itself or its good name in many ways recently. It is difficult to generalize, because this refers rather to only a part of the rural population, which wanted to make too much money too fast on the supply problems and charged usurious prices. It is these farmers, and most often not the farmers coming to town with food and selling it at prices many times higher than state prices, who misled public opinion of authentic farmers as money hungry, and always wanting to grab up as much as they could get. But this is not so. Farmers have often shown their best side, they have given evidence of their civic virtues--their sacrificability, their diligence and their ability to deny themselves in the name of the development of not only their own farms but also the country.

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RESULTS OF STATE FARM REFORM DISCUSSED

Warsaw/ WISZCZEPOLITA in Polish 25 Jan 82 p 5

(Article by Edmund Szat: "After the Reform on PGR [State Farms]--Tractors Are no Longer Running Idle")

[York] Over a half-year ago (1 July 1981), a new economic-financial system went into effect on PGRs. The principles of this system correspond in their major points to the assumptions of the currently introduced economic reform. PGRs were, so to say, the "pilot" of this reform and, if only for this reason, their half-year's experiences should be looked at more closely.

From the onset, the two "S's": i.e. self-government and self-dependence did not raise greater reservations. Agricultural enterprises rid themselves, with a sigh of relief, of the binding corset of indexes and obligatory guidelines of PGR unions and began the independent construction of economic programs, appropriate for their local conditions. In many instances, this meant the necessity to further limit the scale of animal production; further, because the reduction process of this production was begun several months earlier.

The causes of these decisions were, as a rule, fodder shortages but the [decisions] often had other grounds as well. In some agricultural enterprises, one or another subsector of animal production - found out to be unprofitable, despite considerable procurement price increases on livestock for slaughter and on milk. The limiting of production was, therefore, action taken for the benefit of the third "S"--self-financing which was, however, met without enthusiasm.

Problematic Programs

The value of the economic programs accepted by the PGRs is, however, quite problematic. They were prepared not knowing the current prices of coal, diesel oil, electric power as well as prices of chemical fertilizers, pesticides and machinery. Besides, not only were prices not known, neither were the possibilities of purchasing these means of agricultural production during the current year.

However, this cannot be a hindrance of any kind to the continuation of the process of reforming the PGR economy. After all, the course the weather will take during the period of crop vegetation and during their harvesting is never known beforehand and yet, this is probably the most important premise for crop yields

in our conditions. And no one raises this argument against reform whereas the uncertainty of fertilizers or machinery deliveries is, supposedly, the principal obstacle to the success of reform in the PGRs. In any case, such are the opinions one hears in the field.

Especially weak enterprises, i.e. those in which the costs of agricultural production were relatively high, are the most disinclined toward reform. It is in these very enterprises that a decrease in the number of animals is observed and, taken from this point of view, the reform in the PGRs could be considered a failure since it leads to the limiting of production. The reduction of the number of animals (to a small extent) does not, however, have to signify a reduction in meat or milk production and is the first--to be sure, not the easiest--step to the setting up of proper proportions between crop and animal production--proportions which are severely unbalanced in Polish agriculture.

Profitable Production

Small agricultural enterprises have accepted reform as an opportunity for rational management. With their own, sufficient supplies of fodder and profitable production of meat or milk, there were no reasons whatsoever to limit the number of farm animals. Other motives also entered into play.

As stated by the manager of the Leszno PGR Plant in the Province of Warsaw--Kazimierz Fraciszewski: "Agricultural production cannot be changed overnight and what's more, it is difficult, at the present time, to answer the question, as to which kind of production will be the most profitable. Perhaps, in our circumstances, it would be better to, for example, keep only half of the cattle but still the half then amortize a part of our credits for the building of farms."

In the Leszno PGR Plant, reform did not, in reality, produce any changes. Only the head of cattle were reduced by 200 and this also was not due to unprofitability, as a result of not adapting farm buildings to the raising of cattle in the winter.

"If the reform had been carried out earlier," maintains field foreman, Antoni Janiak, "then there are barns would have never been built. However, we were not even allowed into this barn construction area. Before the reform, the farmer had no influence over the kind of investment, with which the 'top management' could delight his next."

"The land is too good," says workman Josef Barcowski, a member of the Young Labor Council, "to turn it over to the grazing of fodder. Meat and milk should be produced wherever there is pastured land, while we should be growing grain and fodder. But, since someone came up with the idea of a 'milk ring,' there will be no milk."

Stanislaw Adamowski and the assistant manager, Jan Wroblewski, can cite more examples of such nonsense in the decision-distribution system.

Thus, someone once came up with the idea of growing corn in the Mazowsze region and the Leszno PCR Plant had to sow its fields with this crop.

"We were gathering soup," is the way manager Kraszewski describes the moisture content of the corn, "enormous amounts of fuel were used to dry the grain."

This was high time for a reform of the management system.

"The basic reservations in regard to the new system were the inflexible appraisals of agricultural commodity sales," says manager Kraszewski, "machinery and fuel prices increase systematically and how can one talk about self-financing with fixed prices?"

For the time being, the new system is still proving itself in the Leszno KPGR [PCR plant]. This year, the plan is to achieve a 25-million zloty profit, therefore, even more than last year (23.5 million zlotys) but there were subsidies then (also of about 23 million zlotys). The planned profit is totally realistic (two-thirds of the agricultural produce has been sold already).

Total Reform?

In undertaking production decisions, the plant is, therefore, guided not only by productivity but also by the needs of the market; the work force at the plant has accepted such decisions.

Will the directive-distribution system return again to the PCR? Warehouser Obarowski fears that, unfortunately, it will, while the assistant manager, Jan Wroblewski, is even sure of it. "In time the PCRs will have to produce that which the private farmer will not want to produce."

People are not yet able to comprehend that besides directives, there are other, considerably less expensive and, therefore, more effective forms of managing the economy. However, the fact that they fear the return of having their economic activity commandeered is in itself uplifting, for they have already noticed the effects of the reform. Tractors are no longer idle and 408 quintals of beets per hectare have already been gathered.

GRAIN PROCUREMENT, VARIETIES, LOANS DISCUSSED

Procurement Figures Corrected

Warsaw TRYBUNA LUDU in Polish 18 Feb 82 p 5

[Article by WEB]

[Text] In yesterday's issue of TRYBUNA LUDU, as in several other dailies there were two different reports on the same subject, grain procurement. In the first, signed by PAP, there is a report that since the beginning of the campaign, 15.8 million tons of grain have been procured; in the second, which is part of a GUS [Central Office of Statistics] study on the subject of economic effects in January 1982, we read that grain procurement "from the beginning of the campaign to the end of January 1982 amounted to 1.9 million tons."

Since the disparity is basic, and since the contents of the GUS report contradicts the data published on this subject from day to day in the press, we asked GUS for an explanation.

It appears that GUS summarized data on consumer-grain procurement (1.58 million tons) and seed grain (approximately 300,000 tons) in its report.

This is the reason for the impreciseness in this portion of the GUS report. In the first place, two separate issues should not be combined. Seed grain, whose production and procurement are all a separate plan, has no connection with the fodder-consumer balance. Secondly, if it has already been included in a general summation, the two kinds of grain procured (for consumption and for reproduction) should be clearly specified.

Thus, yesterday's data shows that grain procurement since the beginning of the campaign amounts to 1.58 million tons. During the first 10 days of February, an insignificant increase in procurement was noted by comparison with January; unfortunately, the amount of grain sold to the state on the average covers less than one-fourth of daily needs, estimated at 18,000 tons.

Procurement Information Updated

Warsaw ZOLNIERZ WOLNOSCI in Polish 25 Feb 82 pp 1, 7

[Text] By 23 February 1982, procurement points had received approximately 1,635,000,000 tons of consumer grain from last year's harvests from private farmers and socialized farms. In January 1982, farmers sold the state 120,000 tons of grain, and in the course of 3 weeks in February these deliveries amounted to approximately 110,000 tons.

This means that grain procurement is increasing from week to week. While in January, farmers supplied a daily average of 3,000 to 4,000 tons of grain to gmina cooperative warehouses and grain factories, according to reports farm producers are now selling the state nearly 8,000 tons of grain daily.

This month procurement also picked up in the Ciechanow, Czestochowa and Lublin voivodships, where the fulfillment of contractual grain deliveries had been the lowest.

Daily grain deliveries reaching 8,000 tons are not guaranteed, according to recent information provided by farmers. Procurement may pick up when the final fodder balances have been made. This can be done when the clamps have been loosened.

The announced grain loan is also slowly gaining acceptance among farmers. This action is most successful in Bialystok Voivodship, where farmers have delivered over 170 tons of grain to state grain warehouses within the framework of the loan.

The necessity to activate procurement still exists. Daily grain procurement does not cover even half the needs of the grain-milling industry over a 24-hour period.

Selection of Varieties

Warsaw ZIELONY SZTANDAR in Polish 14 Feb 82 p 7

[Interview with Docent Dr Tadeusz Wolski by Janusz Tarniewski; date and place not given]

[Text] [Question] Until now, plant raising, including grain raising, has been directed toward the creation of intensive, more productive varieties, which are also considerably more demanding in terms of cultivation, fertilization, pesticides and the like. In the current situation, given the great economic difficulties, including the shortage of fertilizers, will these demanding, intensive varieties of grain not be the cause of lower yields?

[Answer] I would like to begin with a somewhat more general question. Namely, the fact that in recent years we have achieved increased yields in grain raising on the order of 30 percent makes this a difficult matter,

certainly hampering the discussion of grain raising in this day and age. Parallel with this increase there occurred an increase in grain imports and a decline in our supplying of the population with food articles. This has had a very depressing effect on farmers. It proves the ineffectuality of all scientific and technical efforts in the face of faulty economic systems.

To answer your question: It is true that plant raising has been based on intensive varieties which use high applications of fertilizer. However, this has not been the rule. There are also varieties of a universal enough quality, which must nonetheless be approached with some caution. For example, while Grana has a universal quality, when it is cultivated under weed-infested conditions (which is the general situation), without the application of herbicides which are in short supply, it becomes choked out by bent grass. Thus, despite the fairly universal quality of this variety with regard to soil types and fertility, this is a factor which limits the cultivation of short-straw types in general.

Undeniably, however, the type of grains cultivated is a most important matter. In Poland, rye is undoubtedly our security. It needs neither herbicides nor large amounts of fertilizers and it withstands acid soils and drought. All of the new varieties of rye, which are more intensive than the currently cultivated ones, are in general tolerant of unfavorable environmental conditions. However, we also cultivate an old rye variety, Dankowski Select, which is the most tolerant and thus represents our still greater security in time of crisis.

There is no longer any doubt that Triticale has great possibilities. This variety tolerates considerably lower applications of fertilizer. I see a place for the current varieties of wheat-rye on transitional soils, on which the farmer can sow both rye and wheat. Rye produces even somewhat greater yields than wheat on such soils, but it makes poor fodder. On the other hand, Triticale can yield as much as wheat on these soils, and even more with considerably less fertilization. Where a 120 kg application of nitrogen is needed for wheat, one-half this amount suffices for Triticale.

Given the degree of soil acidity in Poland, another, more basic, advantage of wheat-rye is its tolerance of acid soils. While it is not as tolerant as rye, it is considerably more tolerant than wheat. This is a very vital quality, particularly in dry years, when drought increases the detrimental action of a low pH on plants. Under such conditions, Triticale gives a considerably higher yield than wheat.

I believe that one wheat-rye variety will officially be brought into cultivation this year.

[Question] What is the name of this variety?

[Answer] It still carries its export name. Since it has not yet been registered domestically, this cannot be considered the official name, although it may be used. We call it Lasko, from the name of the Plant-Raising Station where it was bred.

[Question] Whos is importing it, and for what purpose?

[Answer] This year Lasko will almost certainly be registered in the FRG, England and Holland. For 2 years, we have been exporting seed to these states for experimentation and trial production plantations. It is also possible that the French will register it, since it does excellently there.

[Question] So Lasko may be registered earlier abroad than in Poland. But given the level of agriculture of those states, this attests to its renown. However, does this not seem strange to you?

[Answer] A grower can never be the defender and advocate of his own variety. In my opinion, Lasko should have been entered and at least introduced for trial cultivation last year. I represented this view. On the other hand, the authorities came out with the assumption that since this is not only a new variety, but a new type of grain, 3 years of state experimentation is indispensable.

The variety has one drawback--its relatively poor resistance to cold. While it is more cold-resistant than winter barley, the majority of Polish varieties of wheat, including Grana are superior to it in this regard. Theoretically, this represents a certain factor restricting the range of cultivation. I say "theoretically" since we have a number of local observations recorded over several years on PGR's [Polish State Farms], plant-raising stations and leading private farms, even from regions located on the right bank of the Visla, which show very good results.

[Question] Triticale grain is excellent chicken feed. Can it replace corn?

[Answer] Of course!

There is only the question that wheat-rye will be brought into cultivation at the expense of other grains. If at the expense of rye, the national economy will benefit tremendously from the exchange. Replacing rye with wheat-rye can save chicken farming, the future of which looks very bleak due to the lack of fodder.

[Question] What amount of Lasko grain will you have available this year?

[Answer] The situation in this regard is not bad. At the plant-raising stations in Laski and Chorynia there are more than 20 hectares of it. There is also a certain amount of unqualified cultivation. In addition, I was very surprised to learn that one of the plant-raising stations which had a very good yield of Triticale, decidedly better than their rye and wheat yields, distributed part of their harvest last fall through the central seed supply, which is really completely illegal.

[Question] Let us hope that this underground will no longer be necessary, that the sterotypical thinking of agricultural decisionmakers will change. Moreover, is there another way out?

And now the final question. From what you have said I conclude that the grain varieties we are using, given the lack of fertilizers and pesticides, should not, or rather will not, be a factor limiting yields, since they are sufficiently adaptable.

[Answer] Yes, they are sufficiently adaptable. I would still like to say something about trends in plant raising. Plant raising should go the direction of varieties of the universal type, although more intensive varieties may be needed. The range of their cultivation, however, will be restricted. At present in Poland it will decrease rather than increase.

The raising of rye poses no problem of a more serious nature. At COBOR [Main Center for Research of Crop Varieties] there are now varieties which demonstrate better cold-resistance than Dankowski Golden. However, they do not yield to it in fertility; they are on the same level, and even surpass it.

Wheat represents a bigger problem in the current situation, given its greater agrotechnical demands and its greater unpredictability under worse conditions. But here the trend in the raising of new varieties is toward forms which are somewhat superior to Grana, with good resistance to lodging, better resistance to cold and better baking quality, in a word--toward more universal varieties. COBOR is already conducting research on such varieties.

Now I would like to turn to the final matter. At this time, we are farming under conditions which are no longer only inconvenient but extreme. The government has defined priority programs. In the field of plant production, they cover fertilization and chemical pesticides. On the other hand, seed production is omitted. Meanwhile, this is a basic element of effective production. Vulgarizing the issue, before the war, when farming was extensive and fertilizer was expensive and little used, the Rogalinski farm in Poznan promoted the view that it was more profitable to buy seed grain than fertilizers. This is a little exaggerated, but only a little.

[Interviewer] Thank you for the interview.

Grain Loans Explained

Warsaw GROMADA in Polish 18 Feb 82 p 5

[Article by Antoni Kuzba]

[Text] The level of grain procurement for consumption from 1981 harvests continues to be low. By the end of January 1982, approximately 1.5 million tons of grain were procured, while the annual plan envisaged 3.6 million tons. At the same time, grain imports are lower, mainly as a consequence of the economic sanctions applied by the U.S. Government. As a result of this, market supply with bread and grain products has been directly threatened, as is the possibility of the state's meeting deliveries of

fodder in exchange for livestock delivered by farmers. Given this situation, it has become necessary to act in the name of rebuilding the state's grain reserves in order to guarantee the continuity of supplying society with bread and flour and of supplying meat and milk producers with high-protein concentrates as guaranteed in contractual agreements. These actions aim in two major directions.

First, they aim toward helping farmers to meet their obligations which follow from voluntarily concluded contractual agreements. On this score, farming owes the state approximately 800,000 to 900,000 tons of grain. While it is true that talks with farmers have already activated grain procurement, the improvement in this area continues to be insufficient.

Second, they aim at contracting a single-time grain loan with farmers for a maximum of 1.3 million to 1.5 million tons of consumer grain. Nearly 2.8 million tons of grain is needed to supply the population with bread and flour during the first half of 1982. The implementation of both of these endeavors could guarantee 2.1 million to 2.4 million tons of grain. This would insure the continuity of supply with the least possible import.

These two directions for solving the country's grain problem have been adopted as voluntary programs, although in the first instance emphasis is placed upon the obligation to meet one's contractual obligations and in the second instance, the Military Council of National Salvation is appealing to the civic and patriotic attitudes of all farmers and to their understanding of the special situation the country faces.

Of course, under martial law it would be possible to resolve the grain problem through the introduction of compulsory deliveries or quota deliveries. The fear that this would happen has been fairly universal among farmers. The fact that another and perhaps even more difficult method for resolving the grain problem has been chosen attests to the special relationship of authorities to the farmers and to the question of the worker-peasant alliance which stands as the foundation of this authority.

There Is Grain

It is in the well-conceived interest of society and the state that we draw upon our own domestic grain reserves. It is not merely a question of bread for the city. Last year, 401,800 tons of rye flour were directed to the rural trade network, as well as over 1.1 million tons of wheat flour, 115,300 tons of groats, 211,000 tons of grain flakes and 34,300 tons of noodles. Altogether, 1,678,500 tons of grain-flour products were directed toward supplying rural areas, for which at least 2.1 million tons of grain were used.

In order to supply our country's society, we must guarantee 6 million tons of grain on an annual basis. The question arises, do we have grain reserves in our country? The answer is yes. In 1981, grain harvests were 1.4 million tons higher than in previous years, and even animal

production was 12.5 percent lower. Thus, grain consumption for fodder was higher than in previous years. Given this situation, GUS estimates reserves of consumer grain among farmers to be approximately 2 million tons. Drawing upon these reserves, which can be made available to the state without upsetting the fodder balance, is in the well-conceived interest of all of us.

Everyone knows that the reason this grain was withheld in granaries and haystacks was the instability of the grain market, the decline in the value of money and, in conjunction with this, the tendency to wait for more favorable prices and stability in the value of money. But continuing to withhold these grain reserves when the country is in dire need would be all the more contrary to the spirit of society since the state is proposing favorable conditions for the grain loan to farmers.

Under What Terms?

Resolution No 19 of the Council of Ministers, dated 20 January 1982, concerning the single-time grain loan creates very easy terms for its implementation.

First, for grain supplied within the framework of the grain loan to socialized procurement points up to 30 June 1982, private farmers and socialized units of the agricultural economy, when this date has passed, can receive their remittance in the form of grain coupons at a cooperative bank. The minister of finance guarantees the issuance of these bonds; thus they are guaranteed by the state treasury. If they so desire, the suppliers will also be able to receive cash remittance for the grain delivery at procurement prices in effect on the day of delivery.

Second, the grain coupons which private farmers and socialized units of the agricultural economy receive through cooperative banks, on the basis of delivery vouchers drawn up by socialized procurement points, will be redeemed by these banks from 1983 through 1985 at the compulsory grain procurement prices in effect on the date the coupon is presented for redemption. Coupons implemented after 1985, but not later than the end of 1986 will be redeemed at the obligatory grain procurement prices in effect on 31 December 1985.

Third, grain coupons bear interest of 7 percent per annum of the face value on the day of delivery, calculated from the date of delivery.

Fourth, the value of the grain supplied within the framework of the grain loan is included, according to the compulsory procurement prices in effect on the day of delivery, in the value of products sold, recorded for the pension and annuity purposes of private farmers.

Fifth, grain supplied within the framework of the grain loan may not be added to the account of the fulfillment of a contractual agreement. A grain delivery within the framework of the loan does not excuse a producer from fulfilling a contractual agreement.

Grain supplied within the framework of the grain loan will be calculated at the basic price together with a bonus of 10 percent as for contractual grain, and a 10 percent bonus, as for the meeting of an entire contractual agreement on time, i.e., 240 zlotys per 100 kg for a delivery of rye, wheat and barley, and 220 zlotys per 100 kg of a delivery of a grain mixture.

Duties of the Buyer

In conjunction with the implementation of the single-time grain loan, the economic organizations conducting the grain procurement—the Peasants Mutual Aid union of Agricultural Cooperatives and the grain-milling industry PZZ [State Grain Elevators] have specific tasks.

The organizations receiving grain under the grain loan are obliged to insure the efficient receipt of this grain, make an accurate record and to stamp delivery receipts properly with the annotation "Grain loan" in order to facilitate the exchange of these receipts for "grain coupons" after 1 July 1982.

Grain deliveries in lots of more than 3 tons from one farm will be received by the procurement center through their means of transport or the transport means of suppliers (but on the basis of reimbursement for transportation services).

The grain loan, a voluntary act, is of a social, civic character. It represents vital assistance for getting the state out of the economic and food crisis. By its character it is humane through and through, for its aim is to provide daily bread for our entire nation.

8536

CSO: 2600/370

LATEST INFORMATION ON LIVESTOCK NUMBERS FURNISHED

Warsaw ZYCIE GOSPODARCZE in Polish No 7, 7 Mar 82 p 6

[Article by Ch. M.: "Trends in Breeding"]

[Text] With regard to questions about the absolute values determining the size of a herd in the light of indicators of its growth in socialized and private farming which were mentioned two weeks ago (see: January Results, ZYCIE GOSPODARCZE No 5, 82), we present the corresponding data in the adjoining table (these are still preliminary data which could change).

Farm animals	Total	Socialized farming	Private farming
<hr/> in millions <hr/>			
Cattle	11.5	2.7	8.8
cows only	5.7	0.7	5.0
Hogs	19.0	4.6	14.4

We remind [our readers] that the above data in private farming are drawn from the official quarterly census of animal population which was taken in January 1982, while those on socialized farming are drawn from the quarterly reports of socialized [farm] units.

We can add that the increase in the cattle population in entire agriculture which was attained by the end of the 4th quarter of 1981, as compared with the 4th quarter of 1980, is a result of the considerable increase in the number of heads of cattle in private farming--by 7.3 percent (in October 1981, as compared with October 1980, there was a further decrease of 0.2 in this sector), with a simultaneous decrease of 14.0 in the animal population in socialized farming.

A more detailed treatment of these trends is found in studies of the Department of Agriculture and Food Economy of GUS [Main Statistical Office]. We read there, among other things, that the number of cows in entire agriculture at the end of the 4th quarter of 1981, in comparison with the situation during an analogous period of the preceding year, was 0.9 percent higher as a result of an increase in the number of cows in private farming by 2.6 percent, with a simultaneous decrease in the [cow] population in socialized farming by 8.8 percent.

On a regional profile, the increase in the cattle population in entire agriculture during the 4th quarter of last year, in relation to an analogous period of the preceding year, was not of a universal character and occurred in 33 voivodships, a significant increase (of over 5 percent) having been recorded in the following voivodships: Lodz City, Plock, Lublin, Konin, Piotrkow, Kielce, Radom, Siedlce, Suwalki, Torun, Lomza, and Bialystok.

In the remaining 16 voivodships the cattle population at the end of the 4th quarter of 1981 continued to remain below the level attained during an analogous period of 1980. The greatest decrease in this [cattle] population, i.e., over 10 percent, was recorded in the following voivodships: Gorzow, Szczecin, and Zielona Gora.

The number of hogs in entire agriculture at the end of the 4th quarter of last year, as compared with the situation during the 4th quarter of 1980, increased by 1.7 percent. This was caused by a considerable increase in the number of hogs in private farming--by 10.3 percent, with a simultaneous decrease in the number of hogs in socialized farming by 18.2 percent.

Within the socialized sector, the greatest decrease in the number of hogs (similarly to that of cattle) occurred in farm cooperative circles--by 55.4 percent.

The total increase in the number of hogs was a combination of an increase of approximately 440,000 in the number of piglets less than 3 months old, and also of an increase of approximately 200,000 in the number of breeding sows, with a simultaneous decrease of 2.8 percent in the number of shoats and porkers.

The increase in the number of piglets by 11.8 percent in private farming, with a simultaneous decrease of 3.3 percent in socialized farming, is a result of, among other things, the reduction in the purchases of piglets and shoats by the socialized sector.

The prices of piglets in free market transactions among farmers, which was increasing rapidly in the final months of 1981, brought about an increase in the rate of impregnation of sows, which further resulted in an increase (by 18.9 percent) in the number of breeding sows in private farming by the end of 1981.

The number of shoats and porkers which limited the commercial production of slaughter hogs in the first half of last year, decreased at the end of the 4th quarter of 1981 by approximately 320,000 when compared with the 4th quarter

of the preceding year. At the same time, it should be emphasized that the decrease in the number of shoats and porkers was caused mainly by the holding back of commercial hogs on private farms. On private farms, as a result of the suspension of deliveries of hogs to purchasing centers in the fall of last year, the number of shoats and porkers at the end of the 4th quarter of 1981 increased by 640,000 in comparison with an analogous period of the preceding year. This increase makes up, to a large degree, for the decrease in the number of shoats and porkers in socialized farming.

In regional profile, the hog population at the end of the 4th quarter of 1981, as compared with the 4th quarter of 1980, varies considerably. An increase in the hog population was recorded in 28 voivodships as follows: In 28 voivodships, the number of hogs increased. In seven of these, the increase was over 10 percent (Konin, Lomza, Krosno, Skierniewice, Kielce, Lodz City, Radom); it was from 5 to 10 percent in eleven voivodships (Rzeszow, Poznan, Walbrzych, Sieradz, Plock, Jelenia Gora, Piotrkow, Lublin, Siedlce, Wloclawek, Tarnobrzeg), and it was up to 5 percent in the remaining eleven voivodships (Ciechanow, Bialystok, Czestochowa, Krakow City, Ostroleka, Pila, Bydgoszcz, Warsaw Capital, Bielsko-Biala, and Biala Podlaska).

On the other hand, in the remaining 21 voivodships the hog population decreased, the greatest decrease--of over 10 percent--occurring in the following voivodships: Szczecin, Przenysl, and Olaszyn.

The decrease in the cattle and hog population in socialized farming calls for a separate analysis. Here we can only indicate that it, on one hand, resulted from the need to adapt the animals to the home fodder production capabilities of individual farms. On the other hand, it should be remembered how substantial (often exceeding 40 percent) was the share of socialized farms in meat purchases during the months of last year which were the most difficult with regard to food supplies.

Further trends in breeding will be a resultant of many factors, and it is difficult to foresee them with complete accuracy today. Free market prices of fodder in January continued to rise very rapidly and were approximately 9-10 percent higher than in December, which represents much more when compared with the seasonal price rise in 1970-81. The price of grains in free market transactions was 2,500-3,000 zlotys a quintal; consequently, it was from 2.8 to 3 times higher than in January 1981. Free market prices of potatoes also rose by 10.4 percent in comparison with January of last year. The prices of bulk fodder also increased more sharply than in previous years (during an analogous period).

As a result of this increase in the price of fodder, the ratio of the prices of slaughter hogs to the prices of fodder stock decreased, as compared with December 1981. In January of this year, this ratio amounted to 11.0 vs 12.0 in December and 13.9 in November 1981.

Despite the decrease in the above ratio, a number of symptoms indicative of breeding development trends were observed in January. The prices of piglets increased by 3.6 percent (as much as 3,300 zlotys was paid for a piglet), and the impregnation of sows increased by 8.4 percent. The prices of heifers continued to increase, but somewhat less sharply (by 2.1 percent). The price of cows reached a median level of 52,000 zlotys for one cow.

Today it is difficult to answer with complete certainty the question what the trends in breeding will be like in February 1982. The increase in the purchase prices of slaughter livestock (especially of cattle), in accordance with the decrees of February 1982, should have an impact on the continuance of interest in breeding. However, there probably will continue to be further increases in the free market prices of fodder as well as in other breeding costs.

9577

CSO: 2600/409

DETAILS FURNISHED ON 1980, 1981 FODDER PRODUCTION

Warsaw NOWE ROLNICTWO in Polish No 17/18, 1-30 Sep 81 pp 23-24

[Article by Dr (Engineer) Leslaw Zalewski: "Fodder Production in Poland"]

[Text] Fodder Production and Number of Livestock

How well the population is supplied with such basic products as milk and meat depends not only on the profitability of livestock breeding and the efficiency of commerce, but in large measure also on the amount of the country's fodder production and the structure of this production. The rather steep drop in the number of livestock, revealed in December 1980, April 1981, and continuing in June 1981 (the June census showed a drop, over last year, of 6.7 percent in cattle, 13.3 percent in hogs, and 7.4 percent in sheep), and also the reduction, during the first six months of 1981, as compared with the same period in 1980, in procurement of livestock for slaughter by 22.9 percent, milk by 15.5 percent, and eggs by 3.7 percent, is undoubtedly due to the smaller fodder crops in 1980. According to the State Agricultural Production Inspectorate, harvests of individual types of fodder crops were as follows:

--production from meadows and pastures, in terms of hay, 18.7 million tons (11.3 percent less than in 1979),

--production of large- and small-seed papilionaceous crops, in terms of hay, 8.1 million tons (2.8 percent less),

--harvests of green corn pulp, 18.0 million tons (29.9 percent less),

--harvests of fodder root crops, 8.0 million tons (24.6 percent less),

--harvests of second and supplementary crops, 12.1 million tons (12.8 percent less), and

--harvests of beet tops, 7.5 million tons (27.2 percent less).

Per one SD ruminant, production from fodder crops was about 10 percent less than the year before, without taking into account the even poorer quality of the crops.

The lower number of hogs is attributed to the failure of the potato crops (the potato harvest amounted to 26.3 million tons, i.e., 47 percent less than in 1979), which was not compensated by correspondingly larger grain harvests (grain harvests amounted to 18.3 million tons, and although this was 1 million tons more than in 1979, it was still one of the lowest amounts obtained in the last 10 years), or by larger supplies of concentrated fodder (sales of concentrated fodder in 1980-1981 dropped by 1.2 million tons, i.e., 14 percent, in comparison with the previous year).

The combined grain and potato crops, as fodder that is mutually substitutable in feeding hogs, were 17.4 percent smaller in 1980 than in 1979. An analysis of preliminary data on this year's June census shows that the largest declines in numbers of livestock occurred in those areas where fodder crops were the smallest in 1980 due to the floods; for example, in the Rzeszow and Krosno voivodships, where hay harvests were 10 percent lower and potato and grain crops (in terms of grain) were 25-40 percent lower), the number of cattle in the non-socialized economy dropped 10 to 13 percent, and the number of hogs, 32 to 36 percent.

In the socialized economy, the larger decline in number of livestock was attributed in a larger degree to other reasons than to the fodder situation (a re-directing of production), which was relatively better than on the peasant farms (larger fodder area, smaller decline in production of many kinds of fodder, etc.).

Fodder Area

Fodder is produced in primary and secondary yield crops. Depending on the type of crop cultivated, the entire primary yield (e.g., hay), or a part of it (e.g., beet tops or grain straw), is used for livestock feeding. In addition, wastes from commercial processing of field crops (e.g., pulp or potato pulp) are used for fodder.

Quite generally the primary fodder area is made up of meadows, pastures and fodder crops in field production. In recent years, the fodder area totaled about 6.6 million hectares (35.1 percent of the croplands), of which 2.5 million hectares was meadows, 1.5 million hectares pastures, and 2.6 million hectares fodder crops in field cultivation. Furthermore, of the total area of grain and potato crops, which covered 10.2 million hectares, over 70 percent of the mass of the primary crop is used for the feeder process (beet tops and pulp are obtained from production on an area of 0.5 million hectares, green fodder and hay from second crops on 1.1 million hectares) and straw from grain and leguminous crops (8 million hectares). The share of fodder area in croplands in specific forms of farm ownership is almost 50 percent in the Ministry of Agriculture State Farms, 41.3 percent in the producer cooperatives, and 31 percent in the non-socialized economy.

In the state and socialized farms, over half (55-56 percent) of the fodder area is in field fodder crops. Also on these farms low hay yields are gathered in mowing. In 1980, production from meadows, in terms of hay, from all mowings amounted to a total of 3.7-3.8 tons per hectare on the socialized farms, compared to almost 5.5 tons per hectare on the non-socialized farms. Only in the Ministry of Agriculture State Farms, was the share, in field fodder crops, of such high-protein crops as alfalfa, clover, serradella, beans and leguminous crops, significant (over 80 percent). In the remaining forms of farm ownership the share of the crops discussed was much lower (50-60 percent).

The share of fodder area in croplands differs widely according to locality. The figures given in the table show that in the Nowy Sacz, Jelenia Gora, Krosno, Suwalki and Olsztyn voivodships the share of fodder area (55-50 percent grasslands) was over twice as large as in the Lublin, Radom and Wloclawek voivodships (20-25 percent). In many voivodships that have a rather large percentage of meadows and pastures, fodder crops are also planted on rather larger areas of arable land (e.g., the Nowy Sacz, Olsztyn, Krosno, Jelenia Gora and Elblag voivodships). This larger fodder area is not always accompanied by higher livestock production.

Table 1. Share of Fodder Area in Croplands by Voivodship Groups in 1980

<u>Voivodship Group</u>	<u>Fodder Area Share in Cropland = 100 Percent</u>	<u>Number</u>	<u>Voivodships</u>
I	20-25	3	Lublin, Radom, Wloclawek
II	25-30	11	Zamosc, Skierniewice, Plock, Tarnobrzeg, Piotrkow, Siedlce, Sieradz, Kalisz, Konin, Lodz City, Kielce
III	30-35	10	Bydgoszcz, Warsaw Capital, Torun, Krakow City, Bielsk Podlaski, Poznan, Czestochowa, Opole, Ciechanow, Katowice
IV	35-40	12	Lomza, Wroclaw, Leszno, Chelm, Legnica, Rzeszow, Tarnow, Gdansk, Bialystok, Pila, Ostroleka, Szczecin
V	40-45	6	Slupsk, Zielona Gora, Przemysl, Gorzow, Koszalin, Walbrzych
VI	45-50	2	Bielsko Biala, Elblag
VII	50-55	5	Olsztyn, Suwalki, Krosno, Jelenia Gora, Nowy Sacz

This year the fodder situation nationally is relatively good. According to estimates made by the State Agricultural Production Inspectorate, harvests (in terms of hay) from the first mowing amount to:

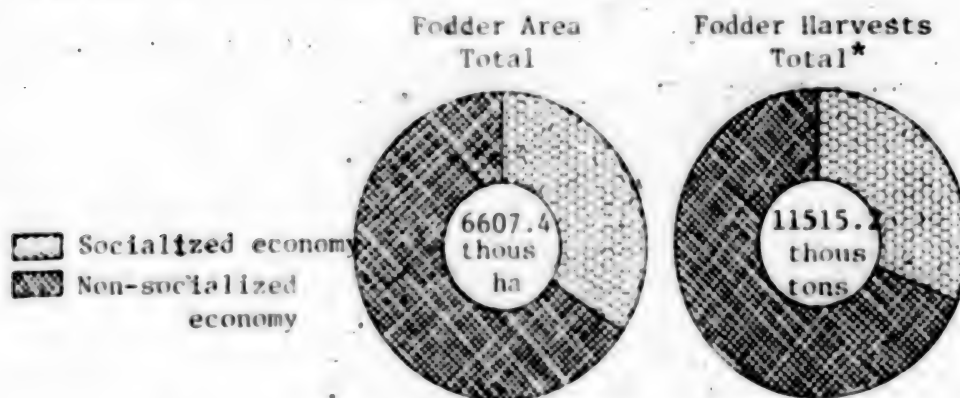
--meadow hay, 7.2 million tons (23 percent more than in 1980),

--clover, 2.8 million tons (6 percent more),

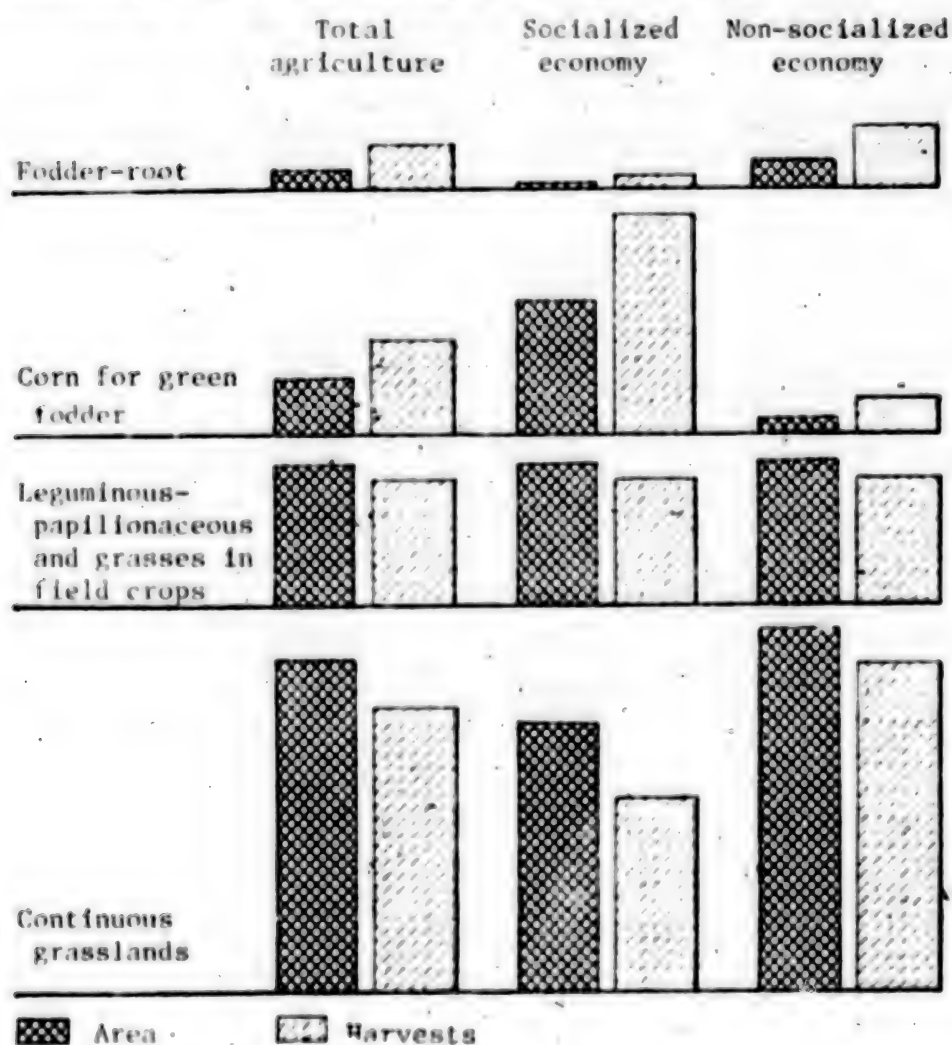
--alfalfa, 0.9 million tons (9 percent more).

Production from pastures during the period of the harvest from the first mowing is estimated at 19.5 million tons of green fodder (5 percent more than in 1980) and harvests of second winter crops at 5.8 million tons (0.2 percent more).

Area and Harvests of Fodder Crops (in percentage)



Structure of Area and Harvests of Fodder Crops*



* In terms of grain

Furthermore, it is estimated that if large losses do not occur during harvests, grain crops will be close to average. The condition of plantings of corn for green fodder, and potato and sugar beets, is generally good, just as is the new growth of grasses and papilionaceous crops for harvest in the second mowing.

Conclusions

However favorable the estimates of fodder production this year may be, they cannot eclipse some very general problems in agriculture, including those relating to the production of fodder, which in our country is conducted on very large areas of crop-lands.

The area on which fodder is being produced can be reduced in order to increase the areas for growing grain crops, rape, sugar beets, vegetables, etc., primarily by improving farming on continuous grasslands and by making better use of the fodder that is gathered. In some areas, where previously livestock production was urged, (e.g., state or cooperative farms), and this is now being reduced, the possibility of again using these lands--which are sometimes good and very good and which are now being used as pastures and meadows--for planting should be considered. Fodder from field crops should be used insofar as possible principally to compensate for the shortage of protein. It appears advisable to again expand the areas of alfalfa and clover, which supply large and good quantities of fodder and enrich the soil with nitrogen (which is very important currently insofar as the artificial fertilizer situation is concerned) and improve its structure (which is important in those areas where this structure was greatly damaged due to excessive precipitation in the last few years). It seems that another important problem may be that of increasing the crops and improving the utilization of straw and chaff from grain crops.

This year, in view of the fact that many state farms are abandoning livestock production, it is essential that attention be given to the utilization on other farms of possible fodder surpluses produced on the state farms. In addition to the warranted actions being taken to increase the amounts of reclaimed land, tractors, machines, farm tools, fertilizers, pesticides, etc., it is also necessary to be concerned about such important matters as harvesting fodder at the proper time, preserving it well, improving farming on grasslands, making better use of fodder produced on the farms, and putting warehouse management into order.

9295

CSO: 2600/381

CURRENT FISHING SITUATION ASSESSED

Baltic Sea Main Source

Krakow GAZETA KRAKOWSKA in Polish 18 Feb 82 p 3

[Article by Tadeusz Stec: "The Baltic is Left for Us"]

[Text] The era of unlimited fishing in the seas and oceans has ended much sooner than expected. The industrial methods of fishing employed by large flotillas of many countries resulted in depleting open-sea areas, while the coastal shelves, on which some fish still remain, have been declared protected zones by the adjoining countries, within 200-mile limits. Eventual access to these zones is possible only upon payment of an appropriate license fee, which of course raises the fishing cost.

Although this has signified the losing of free access of shelf fishing grounds for our deep-sea fishing fleet, Poland's entrance into fishing agreements under license with the countries of Africa and both Americas as well as the formation of joint fishing companies with some of these countries had prevented an immediate, serious drop in the supply of fish from ocean fishing grounds to our market. Thus as late as in 1970 and 1980 deep-sea catches did not markedly diverge from the results obtained in the best years, hovering at the level of 600,000 tons annually. The largest decline occurred only in 1981, and for a very prosaic reason at that--the lack of hard currencies for buying fuel for the fishing vessels.

This Year a Further, Substantial Decline in Catches Must Be Expected

This decline will occur due to the well-known restrictions applied by the American authorities against Poland, when they prohibited our ships from fishing off the coasts of the United States. These waters had been a major fishing ground for the Polish deep-sea fleet and hence the decline in fish supply will be all the greater. It will perhaps be partially offset by fishing in the open Atlantic and Pacific.

But We Still Have the Baltic

To be sure, the Baltic will not rescue our marine fishing from its plight but this sea is not, contrary to what it might seem, a minor source of fish for

our tables. Since 1978 Poland has been maintaining its own national fishing zone, which occupies slightly more than 8 percent of the total area comprised by the international convention for the protection of the live resources of the Baltic Sea and belts. This small part of the Baltic provides us with 200,000 tons of fish or nearly 20 percent of the normal volume of catches by the entire Polish fishery. A share of this also belongs to the coastal boat catches, estimated at from 22,000 to 24,000 tons. Every fourth kilogram of fish caught by Polish fishermen comes from the Baltic, where the fishing is done by a fleet consisting of 501 cutters and 732 fishing boats.

The importance of the Baltic to the market supply is even greater. Baltic fish account for as much as 38 to 40 percent of the fish reaching Polish tables from all fishing grounds. The amount of Baltic fish will not increase much above the aforementioned 200,000 tons--this being, besides, the limit that we are allowed to catch by the decisions of the International Baltic Sea Fishery Commission. The Baltic is, however, a reservoir from which fish can be caught for many years. What is more, Baltic fish are caught at a minimum cost, at most one-third the cost of deep-sea fishing. Foreign exchange expenditures on Baltic fishing are minimal. Baltic cutter uses only one-sixth as much fuel as a deep-sea vessel to catch a ton of fish. One more thing, almost all of the cod, herring and sprat caught in the Baltic reach the stores in a fresh state, without freezing and treatment with chemical preservatives. Fresh fish contains not only protein but also ingredients important to the organism, such as mineral salts and trace elements (calcium, potassium, magnesium, iron, fluorine, iodine, manganese). Part of these ingredients is destroyed by deep freezing, curing or canning. Last, fish products from Baltic catches continue to be the cheapest source of protein of animal origin, even despite the recent price increases.

In the Baltic We Fish Only for 120 Days

A disadvantage of the Baltic fishery is its largely seasonal nature, which results from the periodic presence of productive fish in our zone. In practice nearly 60 percent of cod and 25 percent of herring are caught and processed during approximately 120 calendar days each year. They concentrate during a period of 4 months--from January to April. This seasonal nature is due to the biology of the Baltic fish. The Polish fishing zone plays a major role as either a spawning and feeding site or a wintering site. This accounts for the periodic presence of fish in our fishing zone. In practice, this means periodic large upsurges in fish supply, which always cause considerable processing inconveniences and sometimes even result in "the curse of overharvesting." This happens almost every time larger schools of cod, herring and especially sprat appear. At such times there are shortages of whatever can be used to process fish efficiently. There is too little ice, the refrigerated storage space is insufficient and there are shortages of barrels and refrigerated vans or freight cars. For these reasons a sizable part of the catch usually spoils and, of necessity, must be ground into fish meal. Messages signaling precisely these problems are also arriving from the coast at present, because sprat have appeared in Baltic fishing grounds in an abundance not observed for several years.

The Focus on Deep-Sea Fishery Caused Cutters to be Overlooked

Now that every kilogram of food counts in our market, it is all the more important to avoid destroying on land what was born in the sea. But this is easier said than done. The focus on deep-sea fishery has unfortunately taken a drastic toll in neglect of the Baltic fishery. Since the mid-1960's, when Polish expansion of non-Baltic fishing grounds began, the needs of cutter and boat fishermen were relegated to a more than secondary place. One of the few bright spots in the last 10 years for the Baltic fishery was the replacement of the cutter fleet with larger 24-meter vessels. Land facilities, on the other hand, remained at the previous level. This led to the neglect of ports, and especially fishing ports, on the Middle Coast--in Darlow, Ustka and Kolobrzeg. The latter two ports are geared to processing 15,000 tons of fish, whereas each of the fishing enterprises in Ustka and Kolobrzeg catches about 30,000 tons. The vessels sometimes must stand idle offshore for 2 or 3 days with fish in their holds, due to the lack of storage space.

There Are No Cold-Storage Facilities Either

At the same time there is a shortage of ice for covering fish in crates to keep them fresh. Thus if a fish-laden cutter must stand offshore in fair weather, the suitability of such fish for purposes of consumption becomes doubtful. As known, in such cases the stores located in the country's interior have all the more reason not to expect a supply of fresh fish. Yet now that the supply of herring from remote fishing grounds has markedly declined, only Baltic herring remain available. When years of rich harvest of these fish come, the situation could be saved by salting them, but there is a shortage of barrels for this purpose. Normally, herring should mature at near-zero temperatures. But the only existing zero-temperature warehouse, recently built at the Koga Enterprise on the Hel Peninsula, inadequate for this purpose.

Fishing in the Baltic can be compared to harvesting on land or to the harvesting of other fruits of the earth. Schools of fish appear for a short period of time, and only then the nets become full of fish. At other times few fish reach the holds. Hence it is appropriate to treat Baltic fishery as a seasonal industry, just like certain branches of the fruit or vegetable-processing industry or the sugar industry. This justifies, in its turn, the Baltic fishery in maintaining a surplus fishing fleet as well as corresponding surplus processing facilities on land. Only then will it be possible to "harvest" fish efficiently and utilize the catches rationally.

What Should Be Done?

In the present, leanest-year period of our economy it would be difficult, however, to carry out on a broad scale the fairly expensive program of investments in Baltic fishery, focused chiefly on eliminating the consequences of its underdevelopment. It is becoming necessary not only to modernize the fleet and fishing equipment and build cold-storage facilities or ice-making plants but also to expand the ports themselves. This concerns, among other things, a more advantageous siting of breakwaters (chiefly in Wladyslawow) to assure safer navigation conditions and especially the arrival of ships from the sea in the port area under strong wave conditions.

Currently the utilization of noninvestment possibilities is most realistic. For example, the Baltic fishing ports with their limited cold-storage facilities could be supported by the mostly idled units of the deep-sea fishing fleet with their refrigerated holds. Similarly, some Baltic trawlers that often cannot be accommodated in the ports of Wladyslawow and Hel could be dispatched to the underutilized port basins of the Gdynia "Dalmor," chiefly to utilize its storage and processing potential. After all, the incapacity of our Baltic fishery should not be allowed to result in reducing the volume of our catches below the full amount allotted to us by the Gdansk Convention.

If the process of pollution of the Baltic is halted and all the Baltic coast countries observe the limits on catches specified by the Gdansk Convention, there will still be sufficient fish in the Baltic for a long time.

However, some changes in the structure of the fish population are occurring and will continue. Scientists from the Marine Institute Fishery Institute in Gdynia claim that in recent years the cod have been increasing while schools of sprat have been diminishing. In recent years Polish sprat catches declined to 15,000 from 50,000 tons a year. This decline is largely due to the fact that Baltic fish exist in mutual "predator-victim" relations. Studies of the food-foraging habits of the cod show that this main predator in the Baltic feeds on more than 600,000 tons of herring-family fish, of which about 300,000 tons are sprat. Many aspects of the biology of the fish remain a mystery as yet unsolved by scientists. Hence, scientists continue to work on their solution. An increasingly better knowledge of the biology of the Baltic can prevent fishery from disturbing the equilibrium of the living underwater fauna.

Problems of Private Fishermen

Gdansk DZIENNIK BALTYCKI in Polish 24 Feb 82 p 3

[Article by Maria Leng: "Additions to the Fish Caught"]

[Text] For a couple of years pressure has been exerted to activize Baltic fishery in its part to supply the market with the most valuable fish. Strong pressure has also been applied to commerce, which is reluctant to sell fresh fish. Unfortunately this pressure has been ineffective. Only this year has a change for the better begun. Large quantities of fresh herring, cod and sprat have appeared in the stores, where they often are sold directly from crates--it is a pity that they still are not sold directly from the boat!

The amount of these fish, which are in demand, hinges chiefly on the private fisherman. Last year their catch totaled 28,255 tons (against a plan for 27,000 tons). This year, after allowing for the Baltic limits on catches, the quantitative plan was revised to 25,500 tons. Last January 2,200 tons were caught--i.e., 800 tons of fish fewer than a year ago--due to various supply problems.

The fishermen seek help everywhere, from the military commissioners as well. When I visited the Gdynia Association of Marine Fishermen [ZRM], just then a commissioner called from Wladyslawow. Fishermen came to ask him for help in allotting the industrial coal needed to heat premises on the vessels, dry work clothing or boil coffee or soup during 2 or 3 days of work at the fishing grounds. I listened to this conversation.

"The coal was not delivered!"

The secretary of the ZRM main board, Wladyslaw Kowalski, assured the commissioner, "But it was ordered by the Maritime Supply Center [MCZ]. Deliveries this year are poor. So I suggest a temporary 'loan' of coal from 'Szkuner.'"

The secretary continued, "Janrozik came to see me and I promised him to intervene with MCZ. But telex and telephone contacts have been impeded. It has to be done in writing and this takes time.... But the fishermen should not be kept waiting!"

On the same day a fisherman from Jastarnia came to ZRM. He nervously declared that private cutters--though similar difficulties are also experienced by fishermen working for the state--must stand in a queue for 2 or 3 days in order to receive wooden tare. The situation in this respect is particularly bad on the Hel Peninsula.

He said, "We collect damaged crates in the port and try to repair them on our own, so that we can go to the sea. But there is a shortage of nails and they have to be begged from shop workers. This is probably because many crates with sprat sent to the country's interior are not returned or are kept in the base at Wladyslawow, because 'Szkuner' is in a somewhat better situation than the Hel 'Koga.'"

The gravity of the problem is confirmed by W. Kowalski. This is due to the disappointing performance of the plastic tare that had been widely promoted a couple of years ago. That tare proved dangerous to the crews and to the seaworthiness of the vessels; it bursts open and it slides easily, thus causing shifts of cargo in the ship holds.

Thus, the traditional crates remain, but there is a general shortage of lumber and nails. The percentage of crates returned by customers is usually insignificant. Probably the reform also is responsible for this, because it pays more to "scrap" the crates on the spot than to pay for their costly transportation to the contractor. Moreover, the cost per crate has risen to 360 zlotys from 68! In such a situation the fishermen are not joking when they claim that soon there may be a shortage of fish owing to the shortage of wooden tare! After all, they have to waste many fishing days while waiting for shipments of these "trivia."

Private fishermen are disturbed by the current practice of supplying fish to consumers in so-called unstipulated condition. That is to say, state enterprises so far have not made contractual agreements with them. True enough, the ZGR [Association for Fish Management] claims that the old principles are being honored for the time being and that contracts are a mere formality, but

fishermen doubt whether this stand is authoritative, since the contracts being drafted contain new terms and their language (especially about an important point concerning the day's price) has not yet been finally agreed upon.

In this connection, many fishermen inquire at the ZRM: What about the contracts and the contracting drive? Will there be any? In response, they are merely told that the agreements will be contracted on altered terms. Thus, the state of uncertainty continues, the more so considering that...as the secretary of the main board, W. Kowalski, says, "The lack of contractual agreements has adverse practical consequences that are tangibly felt much more at the small ports than in the large ports. This is because customers have begun to calculate the profitability of receiving catches. This concerns the costs of transport, etc."

As known, the price of fuel early last December was great "bone in the throat." The matter was resolved rapidly and successfully by allotting to fishermen compensation within the framework of the increased prices of fish. Now new problems have arisen due to the recent increases in the prices of lubricants and oils, which--so far--have not been reflected in the compensation payments. The cost of steel lines, net repair and engine repair has also risen, not to mention the price of new vessels, e.g., a wooden boat costs 1.5 million zlotys.

Not all producer prices are as yet fully known to fishermen. Hence, as said at the ZRM, attempts to figure out the fishing cost and its effect on profitability of the plying the fishing trade would be tantamount to an exercise in chiromancy.

The chairman of the ZRM in Gdynia, Wladyslaw Wojcik, said, "The team appointed by our association, whose membership includes representatives of the Association for Fish Management and the Marine Fishery Institute, as well as several fishermen, is still working to analyze the cost and profitability of fishing. In my opinion that cost must allow for depreciation. We want honest calculations and a decent price for fish.

"Income and expenditures must be properly calculated in order to survive and to maintain the boat properly so that it could be used safely and productively to fish! In this respect we count on assistance from the Marine Fishery Institute [MIR]."

In the meantime, the fishermen are convinced that "a whip for the fisherman" has been devised in the form of the so-called shifting prices, for the new contracts contain a clause providing that during periods of rich harvest either the catches will be limited or the fish will be purchased at lower prices.

The week during which fish abound in the sea will adversely affect our entire annual budget! This is what the fishermen believe. In this case, they ask, when should they fish? When the fish disappear? These questions make much sense.

To mollify the fishermen somewhat, a seemingly advantageous loophole has been provided for them. That is to say, the newly worded contracts specify that, if the terms offered are better, fishermen may sell their fish to some other contracting party (other than the state)--e.g., to the "Sanopomoc Chlopska" or "Spolem" cooperatives--providing only that they submit advance notice. The fishermen assert that it is safer to stay with a permanent partner who guarantees the flow of supplies. In addition, [the new contracts] grant to every private fisherman and to all hired help the right to retain 10 kg of fish--also of the best edible species--for personal consumption.

1386

CSO: 2600/406

ANTICIPATED AGRICULTURAL MACHINERY SUPPLIES REPORTED

Warsaw KURIER POLSKI in Polish 10 Feb 82 p 1

[Text] WITH WHAT TO THE FIELDS THIS SPRING?

There are some chances for improvement in providing for agriculture. The operational provisions' plan will depend, to a very large degree on whatever we will be able to supply to our farmers. Our pantrys provisions will depend on this.

For information on this subject the KURIER correspondent turned not to the producers--and we do not conceal the fact that they sometimes exaggerate--but to the other equally interested party, the Ministry of Agriculture.

TRACTORS. This year's supply will be 10 percent smaller than that of the last year, and will amount to 51,000. That much will be supplied by the domestic market along with imports. We have at present over 600,000 tractors in the fields. When spring arrives, we will have some 620,000. That is a lot. An average tractor should service around 30 hectares per year. So it's easy to calculate, that out of a total of 19,000,000 hectares of arable land in Poland, some 18,000,000 hectares can be serviced. So much for the theory, now the practice.

The condition of many tractors is poor. There is a shortage of spare parts: oil filters (there is a shortage up to one million pieces, the problem accumulates since years); fuel injectors, crankshafts (for example up to 30,000 pieces are lacking for the "Ursus C-300" tractor); there are no tires for all tractors and no batteries. Approximately 80 percent of tractors are operational. The majority is in private hands, that means more or less 400,000 and these--as a rule--are in running order.

What are the prospects for the delivery of spare parts? "Maszynowka" confirmed that deliveries increased by barely 2 percent, as compared with last year. What is worse, there is no guarantee as to the assortment. Farmers claim that producers are not concerned whether their product is in a working condition or that will stay idle due to lack of spare parts.

FERTILIZING MACHINES--lime and artificial fertilizer spreaders; cow dung and stable manure spreaders. There are some 280,000 of these. There are about 200,000 in private hands (including the agricultural circles and the SKR [Agricultural Circles' Cooperatives]). Farmers claim that not even 20 percent will reach the fields without tires--and the industry claims to be helpless due to lack of raw material.

Some 70,000 of these machines will be delivered during the current year. There is a plan for some factories to provide their machines with metallined wheels instead of rubber tires. However, professional users weigh this idea very carefully, because a metal ring will cause a very rapid wear-out of the machine, particularly during highway transport.

The situation is very difficult, resulting in the necessity to spread fertilizers manually. Farmers propose that the industry concentrate on producing machines hooked to the tractor rather than joined to the tractor (with their own wheels). It would help to reduce the tire problems.

SIMPLE AGRICULTURAL TOOLS. By now pitch forks have become proverbial. There is a lack of watering cans and pickaxes. Seemingly simple problems appear to be the most difficult, because how can one carry on farm work without a possibility of buying a chain? After all, there are theoretically no barriers limiting the production of uncomplicated agricultural tools. Recently industry claimed that something would be done. What they will do--we will see.

HORSE-DRAWN MACHINES. We have 1,800,000 horses in Poland. Theoretical considerations indicate that we will have to work some 1,000,000 hectares of arable lands with them. In bygone years we were inclined to accept horses as things of the past but it appears that they have to come back. Industry has taken notice of this: the production of horse-drawn plows has increased by 100 percent, and of fertilizer spreaders by over 50 percent. Those numbers ought to satisfy the needs. As a side-note of the subject of horses, 1 million horses consume some 1,800,000 hectares of corn. Thus it is approximately as much as it is needed to provide the Polish population with bread. Let us, therefore, pay more attention to the tractors.

What industry promises is real. Therefore, there should not be any surprises. This year for the first time the distribution of machines and agricultural equipment has been entrusted to the voivodships. This should ensure a better perception of needs, greater efficiency and more justice in patching up holes, a better disposition and management of whatever we have assigned, where chances of its proper utilization are the greatest.

The voivodships also have the right to analyze the current utilization of agricultural machines and equipment.

9841
CSO: 2600/388

AGRICULTURAL COOPERATIVE ASSOCIATION OFFICIAL DISCUSSES NEW FINANCIAL SYSTEM

Warsaw CHLOPSKA DROGA in Polish 17 Feb 82 p 3

[Interview with Franciszek Teklinski, chairman of the board, Agricultural Producer Cooperatives [RSP] Central Union by F. Piotrowski; date and place not given]

[Question] Since 1 January 1982, Agricultural Producer Cooperatives [RSP] have shifted to total self-financing. Were they prepared for this?

[Answer] It came as no surprise to the RSP's. Last year was a preparatory period for the entry of the RSP's into a new financial system. Some of the elements of this system were implemented at that time. For example, a new system of credit was put into effect on 26 August 1981. The amortization of credit was eliminated. So were subsidies previously granted by the union in support of several directions of production--e.g., milk production, cattle raising; this was done in conjunction with price increases for these products.

[Question] How did the RSP's begin to act under the new conditions?

[Answer] They began primarily to prepare an independent financial plan; i.e., a plan without the guidelines imposed formerly by union organs. The cooperatives received only information concerning how they would be supplied with the means of production.

[Question] What characteristics RSP financial plans?

[Answer] This year's plans are certainly characterized by greater realism. This is a basic issue for the cooperatives. I would like to say a few words explaining why this is so to readers who are less familiar with the internal life of the RSP. Hence, the financial plan in the RSP stands as a basis for concluding a credit agreement through the bank. Therefore, this is how the implementation of tasks adopted in this plan will proceed. It will represent the legitimation of the cooperative, its reliability.

[Question] Thus, the feasibility of the plan is the "to be or not to be" of the cooperative.

[Answer] Yes, either the cooperative will work out the particular item or, if the plan is unfeasible and the assumptions for distribution of income are unreasonable, it will encounter problems. As mentioned, the feasibility of the plan represents the reliability of the cooperative; i.e., the degree to which the RSP has become an independent unit and how it manages to make use of the rights that it has been given for independence, self-government and self-financing.

[Question] In this new situation, the attitude of the RSP rank-and-file member, his role in the life of the cooperative and the respect that the RSP managerial group has for his rights are of particular significance.

[Answer] Undoubtedly. The independence of the RSP is a vital issue for the development of the cooperative. It opens broad development prospects but only for that type of cooperative in which all members are aware of their responsibility for the totality of RSP activities, since each RSP member is a joint owner of the cooperative.

[Question] But it seems that such an attitude among RSP members does not depend on them alone. The way in which authority is exercised by RSP managerial elements has an influence on this.

[Answer] Of course, it does. Practice shows that the interest of a member in RSP issues varies, depending on the cooperative. Unfortunately, this interest is frequently limited, for example, by the lack of proper information concerning what the board, its chairman and the auditing commission are doing. This may also be due to the inadequate preparation of general gatherings, or the lack of materials explaining the issues of meetings to interested members. In such situations, the member has felt ignored and has treated decisions made by managerial groups as imposed upon him. This practice has weakened his link with the cooperative. And so the rank-and-file member, instead of joining action taken to implement all sorts of tasks of the cooperative--economic, social and others--has distanced himself from the cooperative of which he is lawfully a joint owner.

We are counting on the basic principles of independence, self-government and self-financing, according to which cooperatives are beginning to live, to compel all RSP managerial groups to involve the broadest possible member masses in the life of the cooperative. For if the personal interest of an RSP member is also the interest of the entire RSP, if this action leads toward the improvement of material conditions of a cooperative member, he cannot but care that the cooperative prosper.

[Question] How do the RSP's make their living?

[Answer] The production structure of the cooperatives varies notably, it is agricultural, farm-based, but with agricultural processing--e.g., fruit-vegetable processing--predominating. With reference to the RSP's, in which processing is developed, concern over raw materials is of basic significance and, consequently, the issue of contracting for fruits and vegetables. Self-financing forces us to be more careful in investing. Thus, the cooperatives will look for the cheapest methods to increase production and income. The

example of the Hungarian RSP's, which operate under very similar conditions to our own, is very helpful here. But we also have our own good examples. For years, the RSP's have been contracting for fruit and vegetables from private farmers and their own members. They are also expanding contracting for potatoes. For example, 21 distillery cooperatives are in production partly thanks to potatoes contracted from private farmers.

[Question] What must be changed in those RSP's in which the production structure has been dominated by broiler chicken farms existing on the basis of imported feed?

[Answer] This is a most serious problem. On over 1,300 to 1,400 farms, mainly broiler chicken farms, other directions of production must be developed, since there is a shortage of broiler chicken feed. What kind of production will this be? Each cooperative must answer this question for itself: Geese, ducks, sheep, rabbits, mushrooms (e.g., the bocznik variety) or processing. The right decision must be found for the particular conditions, adapted to the given possibilities. Each must be able to provide its own fodder. This decision must be approved and supported by the members.

[Question] Given the new conditions, will some RSP's have problems for which they are not to blame?

[Answer] In such cases, the Council of Ministers Resolution No 208 allows them to take advantage of credit over a 3-year period, with a 2-year extension in warranted cases. Such credit may be used by the RSP for consumption purposes--e.g., to cover the daily wage rate--under the condition that such problems within the RSP are temporary and that the RSP has enduring developmental prospects. The cooperative also has the right to obtain normal investment credit.

[Question] And if an RSP does not foresee economic improvement and has no developmental prospects?

[Answer] In such a case there is no other way out than to dissolve the cooperative or to merge with another RSP with good management. Some cooperatives work under farcical conditions. One RSP in the Kielce Voivodship possesses 896 hectares in 590 parcels in 18 villages. Can there be any management under such conditions?

[Question] Many RSP's do not have their land management in order.

[Answer] Yes, cooperative lands are often very greatly dispersed. Many RSP's do not have properly organized tracts. They should settle questions of land management. For example, they should exchange lands with private farmers on a voluntary basis. They should rid themselves of parcels that they are not in a position to exchange. These lands should be transferred to the gmina manager to be disposed of, obviously with the knowledge of the members and based on a resolution of the general gathering. This concerns PFZ [State Land Fund] lands that are not the property of the RSP.

[Question] In recent years, the RSP's have been interested in purchasing land.

[Answer] They have bought a good deal and they are continuing to buy. They are leasing. The process of putting land management in order will continue. Cooperatives are advancing proposals to purchase land for themselves under the same conditions as private farmers buy it from the PFZ. Another issue is the resolution of the general problem of land possession in the RSP. For example, the problem of land given to cooperatives to use becoming their own property--but this issue must be resolved by law.

[Question] Thank you for the interview.

8536

CS0: 2600/369

FARM GROUP CHAIRMAN DISCUSSES SERVICES, REPAIRS

Warsaw CHLOPSKA DROGA in Polish 10 Feb 82 pp 8-9

[Interview with Zdzislaw Zambrzycki, Chairman of the Central Board of the Association of Agricultural Circles and Organizations [CZKIOR] by Feliks Piotrowski: "Services, Repairs, Safeguarding the Interest of Farmers"; date and place not specified]

[Text] [Question] Another report and election campaign is underway in the CZKIOR after a year which was fraught with extraordinary happenings for agricultural circles...

[Answer] We approached the report and election period with some uneasiness, since we expected that it could somewhat resemble last year's campaign. Then the farmers treated the report and election meetings as meetings with the authorities and not with their own organization. Airing all the grievances which had accumulated over 30 years--and, without exaggeration, there were many of them--became the main issue at the meetings. That is the way things are; an organization which has direct contact with farmers' problems, with rural life--and that is, for example, SKR [Agricultural Circles Cooperatives]--is put at the receiving end of various complaints. Simply put, it is the closest...

We are also worried about the campaign because of many misunderstandings which have arisen with regard to the circles and agricultural organizations. Awareness of the changes in the circles' organization over last year is not comprehensive. Nor is the knowledge of what is currently going on. Incorrect information is making the rounds. For example, information to the effect that SKRs will cease providing services for farmers. This is a falsehood. Services have been and will be an increasingly solid foundation for the activity of circles. After all, services are the essence of the SKRs existence, they are the most important need in rural life which the cooperative meets.

I think that a mutual exchange of information will take place at the meetings of agricultural circles and subsequently at general SKR sessions. Farmers think logically and will see where the truth lies.

[Question] This is undoubtedly a very difficult period in the circles' organization, especially during the present state of martial law, which coincided with the reform of management and financing.

[Answer] In preparing the reform, many unknowns are encountered. For example, we do not know which and how many means of production will be allocated. We do not know the cost either. On top of that, our financial situation is difficult. The current burden of turnover credit amounts to more than 18 billion zlotys. This makes the situation difficult. All these matters must be properly taken care of and many of them must be discussed with the Ministry of Finance as well as with the Ministry of Agriculture and Food Economy and other ministries.

It is known that in the past our organization incurred losses for which they were not at fault. For example, in mechanization activities, every hour of services provided resulted in a loss. Prices of services were frozen, whereas costs increased. An hour of tractor work cost a farmer less than the cost to SKR. Prices of fuel, machinery, spare parts and remuneration increased. We estimate that losses on this account will amount to 8 billion zlotys this year. However, and I must stress it, SKRs are not at fault in incurring these losses. This must stop, but how?

We know that the current economic situation in the country does not make it possible to cancel these debts altogether. Due to this, the Ministry of Finance has offered to postpone the repayment of CZK10R losses for which they were not at fault until 1985. This provides some breathing space for our organization and will enable us to start working under the new conditions provided by the reform and generally known by the slogan of three "S's." In our particular case, a fourth "S" should be added for "mutual assistance" [samopomoc]. At issue is the attainability of the principle of self-financing. To this end, means of production are necessary, which will be, as is known, in short supply. Thus, we must look for all available opportunities.

For example, private farmers have machinery of their own, which, due to the size of holdings, is not fully utilized in hundreds of thousands of cases. They have surpluses of both animal power and equipment. We will be looking for realistic ways to draw this potential more extensively into work outside these farms. It should, of course, be done with a profit to both parties, the owner of equipment and the horseless farmer. But this is not an easy matter...

[Question] Certainly, this is due to prices?

[Answer] As far as this goes, the situation in the country is a jungle. For example, SKR charges 86 zlotys an hour for mowing with a rotation mower. Where SKR councils have, in accordance with the [price] resolution, increased prices to, for example, 300 to 400 zlotys, farmers who have a rotation mower and provide services charge as much as 1,000 zlotys and up for an actual hour of work--there are cases like this.

[Question] What will the reform give to the organization?

[Answer] We are counting on the reform providing more leeway in planning, management and supervision.

[Question] What will the reform give to the farmers?

[Answer] It will provide more opportunity to use the services they need the most.

[Question] So, the reform must remedy the shortfall of services in some fields, to facilitate putting them in order...

[Answer] Yes. It will undoubtedly remedy the shortfall of services, but it will not eradicate it. SKRs just do not have enough machinery. Self-government bodies will decide on whose job is to be done first. Now, all the economic matters are decided by the SKR Council. This is what self-government is all about!

[Question] Farmers complain about long distances to equipment amassed at SKR. They say: long trips, waste of time and fuel, equipment wear...

[Answer] As early as this year, we would like to apply the principle of transferring equipment for use to agricultural circles as widely as possible. Among other things, the aims are exactly to reduce unnecessary trips and, what is especially important, to increase direct supervision over machinery. Use of machinery will be decided by the circle board. The board will have at its disposal tractor operators, tractors and equipment. However, fuel supply and technical servicing will continue to be provided by the SKR.

[Question] Farmers often bring up the fact that tractor operators do not take care of SKR equipment.

[Answer] This was undoubtedly due to a very long amortization time for SKR equipment, which until recently was 20 years. Now this period will be shortened. This means that the equipment will have to be used more intensively. Under the new conditions, tractor operators should, in my opinion, take the best possible care of this equipment. After all, their wages will depend on that. Such a connection arises because the SKR must provide its own financing. Therefore, it must turn in a surplus. The higher the surplus, the more actual opportunities for obtaining increased wages. In the labor arrangement applied so far, the wages of tractor operators are very loosely related to labor productivity. Very loosely! This is why we are trying to connect the two in new regulations. Among other things, bonuses should be paid exclusively from net surplus attained.

[Question] Tractor operators may work up a surplus, but the equipment may still not be used frugally...

[Answer] If equipment is damaged, maintenance costs will increase. Therefore, profits will decrease. Thus, the tractor operator should be interested in keeping the equipment in good repair. However, we should work on the problem still more... We count on a considerable input of worker self-govern-

ment in SKR, that is SKR labor forces. We must work together in the CZKIOR. We must work so as to turn a profit, primarily by managing frugally.

[Question] Tremendous demand for services will still not make work easy for the SKRs...

[Answer] Whatever might be said, pressure on services will be apparent from two directions. First, there are 1.5 million horseless farms in Poland. They will have difficulty living without our services. They are threatened by either economic dependence on neighbors or by folding their farms. This is one side of the issue. Therefore, we must serve these farms. On the other hand, there is an increasing number of farmers who need specialized services. Those are highly productive market-oriented farms. We must also help them. Not all of them can afford expensive equipment. It is true that some purchase, for example, combined grain harvesters for 800,000 zlotys. If such a combined harvester works 20 hectares in a season, it is not utilized economically. How much time will it take to recoup the cost of the harvester? Owning such equipment under such circumstances is unprofitable from both the point of view of the farmer and the society. After all, means of production produced in the country are procured within the framework of overall social costs. Therefore, we will also have specialized equipment. In the past, we stated that we were striving toward specialized services. Now, however, we see that SKR must have universal equipment in order to meet the needs of today's Polish agriculture--and that means from tilling through sowing to specialized jobs. I do not see a contradiction here.

[Question] However, let us return to the issue of surplus equipment held by farmers.

[Answer] We have already suggested in the past that the SKR be the organizer for use of that equipment. For example, parishes were picked in Krakow Voivodship where SKRs would assign that equipment and farmers would get a fee. Then this issue died of natural causes, since at the time services were subsidized. Private farmers could not be reimbursed with funds drawn from subsidies. As I said, this is not going to be easy this time either. Services by neighbors will be more expensive and I think there will not be too many farmers wishing to cooperate with the SKR in this field.

[Question] Are we talking about competition in providing services?

[Answer] I think that competitive provision of services by private farmers and the SKR will only do our agriculture good. Anyhow, the SKR incurs lower cost in providing services than the private farmer. Therefore, services by private farmers will cost more. But it happens among good neighbors that services are even provided free of charge. Therefore, equipment should be allocated to those who can guarantee its maximum utilization. If the owner of a mere couple of hectares receives a tractor and utilizes it exclusively on his farm, the tractor will never be fully utilized unless the farmer provides services for others. These matters should be absolutely clear.

[Question] A private farmer does not have a place to repair his equipment...

[Answer] Repairs for private farmers should be made by repair shops nearest to them. This is what SKRs are. Nonetheless, technical facilities which are lacking so far do not make it possible to repair equipment for farmers on a larger scale. The current situation in this field should be viewed with considerable uneasiness. Resolution No 214 of the Council of Ministers has already made constructing such facilities a priority. This is an important issue. Put in perspective, it means better efficiency of private farmers' equipment and an opportunity to give jobs to SKR labor forces over the fall and winter. This is a field which must be vigorously developed in SKRs.

[Question] The circles' organization now finds itself in a totally new situation in the countryside; the organization itself is different...

[Answer] It is true that in the past provision of services was the main activity of the SKR. But was it restricted to services? Social, housing and cultural problems of the countryside were among the interests of SKRs. For example, kindergartens were set up, the activity of KGW [Circles of Farm Wives] was supported, training sessions were organized. The change in the activity of the circles' organization consists of them having become in fact a trade union of private farmers (currently suspended under martial law, but a trade union nonetheless). Other trade unions were also constituted in the countryside (also currently suspended). Parish associations of agricultural circles and organizations were formed. Today, parish associations play a very positive role in all places where they are active. Safeguarding farmers' widely defined interest is the task of these associations.

[Question] And what if a conflict arises between the provider of services, or SKR, and the purchaser, or farmer...

[Answer] The SKR council is called upon to arbitrate such a conflict. If the SKR is at fault, the farmer should receive compensation. If the council cannot cope with the problem, the parish association of agricultural circles and organizations will certainly step in to defend the farmer due to the very essence of its nature.

[Question] Thus the main role of the CZKIOR in the countryside is in services, repairs and in safeguarding the interests of the farmer.

[Answer] At the parish level, SKRs are in charge of economic activity of the CZKIOR. Trade union activity is sponsored by the parish association consisting exclusively of private farmers. As I said, such associations exist in almost all parishes.

As the chairman of CZKIOR, I will try to develop cooperation in this direction. However, the farmer has the ultimate say in the matter.

[Interviewer] Thank you for the interview.

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MEASURES FOR OBTAINING ECONOMIC EFFICIENCY IN RESEARCH

Bucharest ERA SOCIALISTA in Romanian No 24, 20 Dec 81 pp 18-21

[Article by Nicolae Ionescu, state secretary of the National Council for Science and Technology]

[Text] The scientific-technical revolution is a basic process of the era we are living in, a process which brings exceptional qualitative changes in the area of production forces and, at the same time, it basically raises the role of human creation, of knowledge and rational mastery of the laws of nature and society. It is also powerfully demonstrated in the infrastructure of society, intensifying the growth rates of labor productivity and bringing more and more important changes in the area of production relations, in increasing the material well being and spiritual civilization. In our party's concept, the scientific-technical revolution is the decisive factor for fulfilling the objective requirements of our days. Proceeding from an analysis of the evolution and current stage of development of the economy and the factors contributing to it, the 12th party congress brought out the decisive role of science and technology in the current stage in raising the degree of efficiency of all social activity. What really is the current level of development of the various production factors, how are they a condition of each other, what conclusions result from this for scientific-technical research in proportion to the overall economic evolution of Romania during this five-year plan?

Science, the Vital Element in Production Factors

Currently Romania has available fixed assets of nearly 2 trillion lei, half of which is represented by new and modernized projects. Around 40 percent of existing production capabilities have been built in the last five-year plan, thus, on the basis of among the most progressive scientific and technical achievements. Taking these parameters into account, one reaches the conclusion that investments do not have to be oriented toward the quantitative development of production capabilities to achieve the production rates in this five-year plan but, rather, there is a need to go along the line of completing and finishing the investments begun in preceding years, and particularly to follow the continued modernization of these capabilities (half of the volume of investments forecast for the 1981-1985 five-year plan is headed for modernizations). This involves redesigning machinery, equipment and installations, meaning making them smaller, increase in technical performance and reduction in energy consumption in the operating process, while at the same time a periodic review of technologies for the purpose of replacing the energy-intensive ones.

It goes without saying that implementation of a policy for modernization of production capabilities, together with insuring the technical-economic indicators forecast for all the projects built, as well as operation of equipment and installations without interruption through their good maintenance, are inconceivable without intense scientific research activity doubled with introducing all the forms of technical progress into production.

Romania's active population currently is rising to 10.3 million, with 65 percent of them being employed in the basic branches of the economy--in industry and agriculture. In the labor process, the majority of the active population is using mechanized or automated resources, with their structure and quality being at a level close to that of the economically developed countries. So, if we examine the degree to which labor is supplied with energy, we see that 10,800 kg of energy in the equivalent of mineral coal is consumed in Romania for each working person, thus, nearly as much as in France (11,000 kg) and around 30 percent less than in the FRG, the Netherlands or Czechoslovakia.

Bearing in mind the current number as well as the future number of active population, scientific research is called on to achieve a rise in the degree of mechanization, automation and cybernetization of production, which will permit more emphatic changes in personnel in the indirectly productive activities and office activities in the directly productive sectors, together with the continued rise in the qualifications and specialization of working people. In this way the need for a labor force can be insured from the viewpoint of quantity and quality to achieve the rates for economic development for Romania in the 1981-1985 five-year plan.

We know that in connection with fulfilling the goals forecast for the 1981-1985 five-year plan Romania is currently encountering certain difficulties in providing the needed raw materials, particularly energy resources. This requires it to resort to some imports. An important role belongs to science and technology to take consistent action so that, as established at the 12th party congress, by the end of this decade Romania can become energy-independent and, at the same time, considerably reduce the imports of raw materials and materials. In this regard it is necessary to take action with much wisdom and deep commitment with a view to the sustained development of the national base of raw materials and materials by identifying new resources and, particularly, by drawing into economic circulation certain resources with lower useful contents--for which special technologies must be worked out--as well as by large-scale recycling of reusable materials.

A number of quality changes must be achieved in the energy balance, ones which would lead to a substantial reduction in the consumption of hydrocarbons and to a corresponding increase in the consumption of coal and hydraulic energy. Whereas in 1980 the percentage of hydrocarbons in the balance of electric energy production was 47 percent, it is forecast that it should drop to 20 percent by 1985 and to just 5 percent by 1990. As compensation, the percentage of coal is to rise (from 33 to 55 percent by 1985) as well as of the electric energy produced by the hydroelectric power centrals (from the current 17 percent to 20 percent by 1985 and to 25 percent by 1990).

At the same time, technologies must be worked out and applied for more rational energy management and new and regenerating energy sources must be utilized--

residual heat from the industrial processes, solar energy, wind and geothermal energy and energy from the biomass and others. Special efforts are to be made to redesign products and review technologies according to the criteria of maximum efficiency with regard to reducing the consumption of raw materials, materials and energy as well as to introducing and extending the systems and means for automation of the production processes for the purpose of superior utilization of social labor.

In agriculture, the main supplier of raw materials, it is of the greatest importance to provide sustained technological aid to carry out the agrarian revolution. Because only in this way can a substantial growth be achieved in production and productivity in this area through scientific and as rational as possible utilization of all land resources and the labor force, through broad-scale application of new methods of chemistry, biology and genetics, utilizing the most efficient methods for effectively transposing them from the laboratories into mass production.

For the future, the introduction of technical progress in Romania is to be done not by imports of licenses, technical documents, know-how and so forth but on the basis of our own scientific research. The material-technical base of science and technology must be utilized, which has been powerfully developed in recent five-year plans. Whereas in 1965 the personnel working in research represented 50,000 people, in 1980 its number rose to more than 200,000, while by 1985 it is forecast to reach 245,000. The fixed assets of research grew 4.5 times in 1980 compared with 1965, while expenditures for science and technology rose from 5 billion lei in the 1961-1965 period to more than 46 billion in the 1976-1980 period, with 70 billion lei for this five-year plan being forecast.

Together with the development of the material base, a continued improvement in the leadership and organizational structures has taken place. For the various branches or areas of the economy, institutes or centers for research and technological engineering were established by types of specialty, with their number reaching 185, while their activity is coordinated and guided by 11 central institutes and 3 academies of sciences. Besides this, along with the concerns from the design departments in the enterprises and industrial centrals, departments which, parallel with research activity, have the express task of applying the results of the research concluded, broad activity of scientific research and technological development is taking place in higher education, with its integration with research and production becoming continually deeper.

Now we have available a powerful material-technical base for research, while science and technology have an important role in the economic development of Romania in coming years, along with the other production factors and mutually complementing them.

Use of the Scientific Potential on the Basis of the New Economic-Financial Mechanism

Starting in 1980, some elements of the new economic-financial mechanism were introduced in the area of science and technology, too, and they were to be improved and generalized by the end of the five-year period. As in other areas, through introduction of the new economic-financial mechanism in the scientific research network, the following were kept in mind: a) improvement in the activity of planning of scientific research and the technological development and introduction of

technical progress; b) improvement in the system of plan indicators; c) closer link of pay for work from research with fulfillment of the plan for technical progress and, finally, d) more exact measurement of the economic efficiency obtained after applying the goals of technical progress in the economy.

The activity of scientific research and technological development and of introducing technical progress is of a complex nature, comprising many stages, with various phases of the research-design-production process existing in each of them. In practice, the stage of scientific research always begins with working out a technical-economic study which substantiates the goal of research and then continues with the laboratory phase and concludes with the one in which an experimental model or laboratory technology actually is obtained. In the stage of technological development the documents are established on whose basis the new goal of technical progress is obtained--regardless of whether it is a matter of a new product or a new technology--and, at the same time, these documents materialize in a prototype or pilot. The stage of introducing the technical progress begins with the phase of preparing the manufacture (preparation of tools, qualification of workers, working out standards of work and of materials) and concludes with the phase of the start into operation of the new projects and verification in manufacture.

Up until the beginning of this five-year plan, the stages of scientific research and technological development were planned generally in the institutes for scientific research and technological engineering, while the stage of introducing the technical progress--in the beneficiary enterprises. However, as this method of planning unfolds, throughout the years some difficulties have appeared, ones which, in the end, led to a weakening of the researcher's responsibility for application of the goals of scientific research into production, goals whose results were demonstrated and accepted as well as goals of the beneficiary of technical progress who, all along the research, has the duty of providing all conditions for rapid implementation of the research homologated in the enterprise. For this reason, at the end of each year there were a number of research goals not taken over by production, with some of them then awaiting their utilization for a long time and others remaining sine die.

For the purpose of eliminating such shortcomings, starting with the 1981-1985 five-year plan the goals of technical progress are being planned in the scientific research institute as well as in the beneficiary enterprise throughout the entire cycle of research-design-production. By this, the executor of the research as well as the beneficiary are not exempt from responsibility, except after the goals of technical progress have been applied in production and the technical-economic parameters forecast in the order or the substantiation study have been reached.

Together with improvement in the planning of scientific research and technological development activity and of the introduction of technical progress, starting with the 1981-1985 five-year plan it has been necessary to improve the system of plan indicators. In the stage of quantitative accumulations, the total goals of research activity predominated in the plan--indicators for the research network (number of institutes, their structure by size, profile or other characteristics by grouping), indicators of scientific potential (number of personnel,

volume and structure of fixed assets) and financial indicators for the incomes and expenses for research. However, what was missing from the list of these indicators overwhelmingly were the ones referring to the results obtained in research. The situation even had been reached--clearly, totally unjustifiable from an economic viewpoint--where the activity of one institute was being evaluated according to the indicator of "expenses for research." In other words, the more an institute was spending the more it was evaluated that it had good activity.

In order to eliminate these situations, physical indicators have priority in the new stage we have entered, a stage in which an important leap in quality in social and economic development must be accomplished, indicators for the goals of technical progress, indicators on the length of the research-design-production cycle, indicators of the economic efficiency of the goals of technical progress.

Obtaining a high economic efficiency in research activity, among other things, is a condition of establishing a system of material incentives for the personnel actually working to fulfill the goals of technical progress in the institutes or enterprises.

Some regulations (Law 4/1978 on the Amending and Completion of the Law on Salaries and Decree 100/1979 on application on this law) provide for certain improvements with regard to material incentives for personnel in scientific research activity. The introduction of the bargain-by-the-job form of salary for all personnel, particularly in the case of creation and introduction of certain technologies into production or new products or improvement and modernization of existing ones--activities of this type comprise the entire research-design-production cycle until the parameters established are reached--is intended to stimulate the efforts carried out in this area.

Such regulations, in our opinion, insure the aspect of stimulating technical-scientific creation quantitatively. However, we feel that it is necessary to continue moving to establishing a system of incentives and along the line of an increase in the quality of research activity. In this regard it is precisely the indicators of economic efficiency of scientific research which can be used with good results, while establishing the financial sources needed to give incentives in research activity could be insured by more efficient utilization and more correct determination of the elements included in the budget of the institute's incomes and expenses.

As provided in the methods for drawing up the budgets, contributing to the formation of an institute's incomes are the receipts from contracts, from services provided and from the sale of the microproduction achieved in its own workshops. Subtracting the expenses for research from the total incomes obtained, we see the institute's financial results, achieved in a profit.

So the result is that action, on one hand, must be taken in the direction of reducing the cost of research and shortening the research-design-production cycle to increase the workers' fund for participation in the profits and, on the other, with regard to increasing the incomes obtained, in which the predominant portion is the receipts from contracts.

However, the value of the contracts currently being concluded with the beneficiaries is generally established by taking as the base the previously-calculated volume of expenses determined by the estimate, to which a 10-percent share of profit automatically is added. Including an unchanging share of profit in the value of the contract and, often, overestimating the elements on the estimate are not factors which could stimulate efforts to reduce the cost of research and, implicitly, the beneficiaries' production costs.

For that reason we feel it necessary to study the possibility that, in the future, in establishing the value of the research contracts the economic effects obtained as a result of utilization of the research in production are taken into the calculation, while the share of profit in research should be affected by the volume of such effects. In this way the researcher's interest would grow in selecting those research projects which answer certain major requirements of the economy and are of great efficiency and the beneficiary's concern would be emphasized for rapid utilization of the research done in production, both with favorable effects on increasing Romania's economic potential and the national income.

The problems posed by measuring the economic efficiency of scientific research are relatively recent ones in Romania as well as in the world. Proceeding from the idea that any human activity, on one hand, is a consumer of resources and, on the other, a producer of effects for the purpose of satisfying certain needs, a number of considerations, concepts and methods have appeared in the specialty literature on the calculation of economic efficiency in areas outside of economic ones, such as science and technical progress, education, ecology, urbanistics, health, biology, sociology and so forth.

An economic calculation means converting the consumption of resources as well as the effects obtained into economic terms, that is, in consumption of social labor, in values. No political decision-making organ is ordered to allocate funds without knowing the efficiency of their use.

Statistical data show that our state is making large material efforts to finance scientific research activity, technological development and the introduction of technical progress. In 1981 overall expenses in these areas have risen to nearly 2 percent of the national income. If we add to these the expenses incurred for geological prospecting financed from the budget, the percentage increases to nearly 2.4. For that reason, the research units are obligated to use financial assets, labor resources and materials supplied with maximum efficiency and the entire personnel employed in scientific-technical activity.

At the meeting with cadres from the area of scientific research and technological design in September 1976 as well as at various working meetings organized at the CCPC, with first secretaries, county secretaries and other cadres from the economy, Comrade Nicolae Ceausescu strikingly stressed the responsibilities belonging to the organs, ministries, research units, centrals and enterprises for faster introduction of the results of scientific research and technical progress into production, with the purpose being to increase the contribution of this activity to the development of society and to increasing the national income and the people's well being. Attention also was drawn on these occasions

to the need of using financial assets, the institutes' supply and all research personnel with maximum efficiency.

In this regard the program of measures to fulfill the tasks established provides for working out a system of indicators for evaluating the economic effects resulting from application of the goals of scientific research and technological development in the enterprises. As a result, the National Council for Science and Technology, with the aid of the research units and of the higher economic institutes, worked out a unified methodology for the determination and analysis of economic and social efficiency of scientific research, technological development and introduction of technical progress.

By using this methodology an information system was introduced starting in 1979 in the enterprises, centrals and ministries to follow up on and report the economic efficiency of various research projects and technical progress projects applied in industry. Information is obtained from these reports on the financial effort and, at the same time, on the economic effects obtained by the introduction of technical progress.

The most important indicator which reflects whether the fulfillment of a goal of this type has been efficient or not is the increase (decrease) in profits obtained following application of the results of scientific research activity, technological development and introduction of technical progress. Without going into the details of strict specialty, we can state that the increase in profits is determined by the following factors: a) the increase in physical volume of production. Under conditions where the profit per unit of product remains constant compared with the product taken in the comparison, the increase in volume of physical production implicitly leads to a rise in the volume of profit; b) an increase in the quality of the products, reflected in the rise in production price. In this case, the difference between the production prices of the new product and the production price of the previous product is the rise in profit due to the contribution of the scientific research applied in production; c) reduction in production costs also contributes to an increase in profit per unit of product and thus, implicitly, to a rise in its total volume.

So, in determining the rise in profit, the gross profit (net profit + taking from net production + tax on circulation of the product) is kept in mind, with the idea of pointing up most faithfully the contribution of technical progress to the increase in national income.

The Economic Efficiency of Technical Progress in Industry--Results, Difficulties, Proposals for Improvement

We see from an analysis of the data reported by the enterprises for 1980 for the expenses incurred throughout the entire research-design-production cycle as well as the rise in profits achieved as a result of introducing technical progress in production that, for industry as a whole, an increase of 1.10 lei in profit was obtained for each lei spent for the period of actual application of the projects of technical progress. If one extrapolates data on the rise in profits for all of 1980 (thus considering that the new technical solutions were utilized an entire year in production), then we see that for each lei spent an average of 1.75 lei increase in profit was obtained per year and for industry as a whole.

However, it should be kept in mind that the effects of activity of scientific research, technological development and the introduction of technical progress take place not only in the plan year in which the new solutions have begun to be applied in production but also during the following period. For that reason, it is necessary for a correct evaluation of the economic effects also to calculate and take into consideration their size for the entire length of the economic life of the goals of technical progress, that is, for the entire time in which they are competitive from the viewpoint of the technical performances obtained in Romania and abroad. Proceeding from such a truly objective evaluation, the data on the rise in profits brought by the introduction of technical progress in production in a year should be accumulated with the ones resulting from preceding years, up until expiration of the length of the economic life of various technologies, products and so forth. If it is estimated that their length of economic life is 3 years, then, by comparing the expenses with the effects of introducing technical progress, one may deduce that an increase in profits of 4.50 lei is obtained for each leu spent for scientific research and its application.

We see from an examination of this relationship that, in general lines, average annual expenses incurred with the projects of technical progress are recovered through the results in less than one quarter. This entirely confirms the thesis that the financial efforts requested by scientific research, technological development and the introduction of technical progress is the most profitable investment.

In making such calculations of economic efficiency in the enterprises by branches and for industry as a whole, however, a number of difficulties are met. Generally, these are due to the following causes:

1. During the research-design-production cycle, the economic effects take place in ebbs and flows. They are not found at the scientific research institute but generally are found at the producer of the new technology and then at the user of it, regardless of the form in which it materializes (a product, a technology, a system of mechanization or automation). For example, the economic effects of conceiving a new smaller and improved motor with regard to its operational parameters may be at the institute for research and technological engineering ; at the production enterprise=reduction in the consumption of fuels in operation and growth in labor productivity as a result of raising the technical parameters.

From here we see that, for the purpose of a correct quantifying of economic efficiency, the calculations should include the entire cycle of research-design-production-utilization in all cases.

2. The point at which obtaining of economic effects takes place does not coincide with the point at which the expenses are incurred for research-design activity but always follow them. Actually, the expenses are incurred at the research institute or at the beneficiary enterprise, but the effects occur later, at the producer or the user of the new technology.

This is the reason for which it always is necessary to bring expenses up to date, with economic efficiency able to be quantified correctly only in this way.

3. The nonexistence of a system of accounts or subaccounts in accounting (entry-calculation) by which it would be possible to take into the records a number of factors contributing to obtaining economic effects, such as technical progress, organization of production and labor, improvement in the qualifications of the labor force, growth in the worker's awareness and so forth.

The operation of such an accounting system--in which a separate record would be kept for the effect of each factor--would be extremely cumbersome, if not impossible. For that reason, with regard to these kinds of economic effects, we have to be satisfied with certain orientative calculations, with their being based on means outside of accounting (the card and the technical-economic study of substantiation) by which the selection of each project of scientific research, technological development and introduction of technical progress and its inclusion in the plan are justified.

Taking into account the difficulties mentioned, in order to simplify making and reporting calculations of economic efficiency, these generally are only done at the enterprises producing the new technology. Calculations also are not being made to bring up to date the expenses incurred for scientific research, while the length of economic life of the projects of technical progress is purely conventionally estimated to be three years.

At the same time, it should be stressed that in order to evaluate and correctly express the economic effects obtained by introducing the projects of technical progress into production, it is not enough for a single indicator to be used, no matter how good it is conceived methodologically, but the need is to resort to more indicators--actually a system of indicators--with each of them answering certain requirements belonging to them. For example, in order to know how much of the national income is spent for scientific research, technological development and the introduction of technical progress and how much technical progress contributes to the increase in national income, the most appropriate indicator with a view to quantifying the effects would be "rise in net product." The indicator which best expresses the effect of technical progress on the growth in labor productivity would be the "relative savings of workers." Finally, if it is wished to find out how much technical progress contributes to the reduction in imports and to the increase in exports of products or services, then the most appropriate indicator would be "currency contribution."

Proceeding from the difficulties we have referred to above and ones which clearly have negative repercussions on the strictness of the calculations of the economic efficiency of scientific research and utilization of its results, we figure that it would be necessary to complete the system of indicators used with other indicators having a greater power of characterization. Also it is necessary to extend the area which the economic effects comprises for the users of the new technology, also, parallel with working out certain unified standards on bringing up to date the expenses incurred throughout the research-design-production cycle. Finally, we feel it should become obligatory that in the study of technical-economic substantiation for each research project and project for technological development or introduction of technical progress the length of its economic life should be determined differentially in order to thus permit the most exact calculation of the real effects obtained.

NECESSITY FOR SPECIAL PREPARATION OF AGRARIAN ECONOMISTS

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[Article by O. Parpala, university professor]

[Text] Public discussion in the specialty press of the problems in the directions and means for implementing the new agrarian revolution in Romania* has brought out the problem of the economist cadres for agriculture. The phenomenon is completely natural if we take into account at least two circumstances: a) agriculture in the Romanian Communist Party's current policy is the "priority of priorities," particularly if we bear in mind that it supplies society with a completely special type of energy which cannot be reproduced by other means; it is precisely the considerable rise of and qualitative improvement in this energy which is vital for the people's existence, that has required working out and implementing an original concept of an agrarian policy, one which has gained the name of the "new agrarian revolution"; b) one of the basic goals of the new agrarian revolution in Romania is the growth in economic efficiency by achieving a new quality in all branches of activity. These means a deep knowledge of the problems of agrarian policy, of leadership of economic activity in its many aspects (supply, production, utilization, transportation and so forth), under conditions of promoting modern methods and means of information systems and optimization of the decisions required to achieve a new quality in all economic activity. In other words, agriculture needs economists with a solid and multi-lateral professional training, people capable of adopting decisions which would revolutionize the economic system of agriculture and would mediate the application of the principle of self-management and rise in economic efficiency.

Actually, this is a joint requirement for all the branches of our national economy. Parallel with training an appropriate number of engineers for industry, for example, higher economic education trains specialists in economics needed within any system of scientific leadership; the production economist (within the specialization of the economics of industry, construction and transportation), the accounting-financial economist (within the finance-accounting faculty) and the economist-planner (within the faculty of planning and economic cybernetics). A similar situation also is met in the area of trade.

* Mihnea Gheorghiu, "A Peaceful Revolution" in ROMANIA LIBERA, 7 July 1981; C. Pintilie, "Agricultural Education in Step With the Requirements for the Intensive Development of Agriculture," ERA SOCIALISTA, No 19/1981.

The same situation does not exist in the area of agriculture, the priority branch of the national economy.

The subjectivism demonstrated in the past in the training of various categories of specialists with higher studies for agriculture led to a true inflation of engineers (especially agronomists) and veterinarians. Let us look at the "Statistical Yearbook of Romania": At the end of 1979, the number of agricultural specialists working directly in agriculture had risen to 25,420 (of which 12,405 were agronomists)! But nearly an equal number of these specialists work in various organs of the administrative leadership of agriculture, with many of them holding jobs for which agricultural studies are not necessary but, rather, economic studies. Although the Ministry of Agriculture promised repeatedly to solve the problems appropriately of the ratio between specialists with higher agricultural studies working in production and those holding administrative jobs, these cadres' departure from agriculture continues. Let us recall that, according to approximative calculations (on the basis of data from the statistical yearbook), around 35,000 specialists, few of whom are found in production, graduated from agronomic institutes in the 1960-1980 period. Let us limit ourselves only to the situation in the agricultural production cooperatives (the main sector of our agriculture) where only 7,876 (59 percent) of the 13,447 heads of farms had higher studies in 1980; 1,993 had secondary studies and 3,438 (25 percent!) had elementary studies (!). Why? Because a good portion of the specialists with higher agricultural studies are working in office jobs, many foreign to their professional competence, while the application of modern technologies, on which the population's bread depends, is left to some practitioners with elementary studies. The inactivity of duties and the failure of them to agree with professional training are common to all steps of leadership of agriculture, starting with the agricultural enterprise up to the organizational structures of the Ministry of Agriculture. At the cooperative level, for example, the head engineer is the one who is responsible for the planning, supply, transportation and so forth, duties through economic excellence. Instead of being concerned with the way in which the technologies specific to each crop and each parcel are being applied, the head engineer is required to be concerned with statistics, reports, explanatory notes and so forth. At the level of the county general directorates for agriculture, the majority of the economic director jobs are held by agronomist engineers, just as the majority of workers in the planning directorate of the Ministry of Agriculture are engineers.

We see a completely different picture in supplying (quantitatively and qualitatively) economist cadres for agriculture. Of the 3,959 head accountants of agricultural production cooperatives (a job for which higher specialized economic studies are required), just 193 (5 percent) have higher economic studies; 2,750 (69 percent) have secondary economic studies and 580--secondary studies in other specialties; added to these are 331 (8 percent) cadres with elementary studies, plus 92 cadres with secondary agricultural studies. In passing we mention that of the 23,431 accountants (who must have secondary economic studies), just 40 percent have specialized studies; 5,690 (24 percent) have elementary studies, while no less than 1,622 cadres with secondary agricultural studies are working in accountant jobs! These deficiencies are also demonstrated in the area of employing specialist cadres in the united agroindustrial councils, state and cooperative. It is clear that the position of the head economist of the council--a job which must provide for coordinating the activity of all economists in the

component agricultural units--absolutely is required to be occupied by an economist with higher specialized economic studies and with rich production experience. But at the end of 1980 just 43 percent of the united agroindustrial councils had available head economists with higher studies.

The situation should not surprise anyone if we take into account the indifference with which this problem has been treated until now. It is enough to recall that, whereas the number of cadres with higher agricultural studies trained annually was around 2,000 in the last two decades, the number of agrarian economists--in the years in which there were any--did not exceed 250, of whom few remained to work in agriculture. And there is more! For the 1981-1982 university year, the Ministry of Education and Instruction, with the agreement of the Ministry of Agriculture, reduced the school figures (and this is ridiculous in proportion to the needs) by about one-third for daytime education (with the increase in correspondence education unable to overcome the losses in quality in the training of economists for agriculture).

From the above we see at least two basic conclusions. The first--the need for a considerable increase in the school figure for training agrarian economists with higher studies so that all the needs of the national economy can be covered during at most two five-year plans. The creation of powerful training centers (including by reducing the current territorial dispersal of institutes for higher economic-agrarian education) would also have a positive effect on the economists' professional quality. Second--adoption of the statute for the job of the agrarian economist, in close correlation with the statute for job of the other specialists in agriculture, so that each can carry out his duties in his area of professional competence. As long as the technician (the engineer) does the economist's jobs, leaving the problems of the technology of production to cadres with empiric training, while the economist is reduced to a simple accountant (in the old understanding of the word), thus, in conditions in which neither one utilizes the knowledge he has gained in years of studies with great expenses of society, it is natural that the production and economic results are not at the level of the resources we have available. The experience of more than three decades of leadership of agriculture by technicians shows that this is the time to reach a decisive turning point in these areas by reestablishing the rights and duties of the agrarian economist as a decision-making factor in the practice of an intensive, highly productive and profitable agriculture. Today we have available everything necessary so that each specialist can utilize his specific professional knowledge.

With this we arrive at one of the basic problems, that of the profile of the agrarian economist, given the position adopted publicly by those who have been concerned with this problem. Both academician Mihnea Gheorghiu as well as rector Constantin Pintilie have come out for the training of accountants, replacing the concept of the agrarian economist with that of the accountant. Arguing with "our economist" who ask that the agrarian economist "operate not as a simple accountant but as decision-making factor," academician Mihnea Gheorghiu expresses his reservations, asserting that "I do not know whether it is the case for us to start even with promoting accountants," coming out for "improvement in the professional training of technician cadres in all branches of agrozootechnical activity." The same viewpoint is expressed by rector Constantin Pintilie when he says that "the future specialists should possess solid economic knowledge,

should know how to handle economic levers, should have good management habits, should head the agricultural units competently and should efficiently administer the goods entrusted them by society." From this concept, by which the engineer is actually substituted for the economist up to the opinion that "it would be timely to analyze the possibility of training accountant cadres for agriculture in the agronomic institutes" it is only a step.

These viewpoints actually express narrow, guild interests of the agronomist engineers who want to be leaders in agriculture. It is no accident that only the accountants want it, that is, specialists who would not endanger their situation as virtual leaders and decision-making factors in agriculture. It is no accident that the former faculty (and similar sections) of the economics of agriculture (which, contrary to what was stated by rector Constantin Pintilie, was training economists and not accountants) was replaced by the faculty of accounting and agrarian economics, proceeding from the subjectivist thesis promoted by the former leadership of the Ministry of Agriculture, according to which agriculture does not need economists but it needs accountants. As long as decisions in Romania's agriculture on problems of economic leadership are made by technicians who, by the nature of their training, cannot have the necessary competence, it will be difficult, if not impossible, to achieve the goal of economic efficiency sought by the new agrarian revolution. Application of the new economic mechanism, based on self-leadership and self-management, will not be able to be productive in a desolate land and will not lead to the results anticipated.

As a result, in the current stage of the economic development of agriculture and the move to fulfilling the goals of the new agrarian revolution fixed by the secretary general of the Romanian Communist Party, agriculture needs a production economist with a complex training--economic (predominant) and technical. His professional competence must reflect the unity between the economy and technology. He must carry out mainly the job of head economist of the enterprise (replacing the obsolete one of head accountant) and head of the enterprise or decisionmaking factor in the organs of leadership of agriculture. Only then can his colleagues--agronomists, zootechnicians, veterinarians--be concerned with the problems of production and the agricultural technology for which they have been trained. From this collaboration, in which optimization of economic decisions belongs to the economist, not only agriculture but all of society have to gain.

Such a concept of the training and duties of the agrarian economist (production) in no way reduces the role and jobs of the accountant or planner in agriculture, who come to bring out certain basic aspects of the economic processes in this branch. A well-finished information system and scientifically substantiated planning are important links in the unified system of leadership in agriculture.

However, this does not mean reducing the training of economists for agriculture just to the accountants. Two similar specialties currently operate in higher economic education: finance-accounting and accounting-agrarian economics. The first specialty had at its base the concept of the unified training of economists-accountants for the entire national economy. Establishing of the second specialty actually abolished the production economist in favor of accountant training,

a relationship also reflected in the structure of the curriculum. Actually who really uses training of economist-accountant in parallel for agriculture to the detriment of the production economist? Neither agriculture, lacking the contribution of the production economist, nor the national economy, which bears the expenses for the parallel training of the same specialist.

For that reason we feel it is necessary to give it back its rights of specialization in the economics of agriculture, which would train economists for production, with the economist-accountant to be trained further within the specialization of finance-accounting. In this way the new requirements for economic modernization of agriculture would be answered.

Although not a vital one, the problem of the place for training of economists for agriculture has its own importance. In our opinion, the training of the economists-accountants should remain the prerogative of the higher economic education institutes. The agronomic institutes in Romania never trained accountants. Implementation of the modern information systems at various steps of the economic leadership of agriculture requires a certain material base for the education, a body of professors with high specific qualifications and general environment which can only be achieved within the higher economic education institutes. We cannot train accountant economists in the agronomic institutes, just as we cannot train doctors in the faculty of theology or mining engineers in the aeronautics faculty.

As far as the training of production economists is concerned, the coordinates for training are different. As a future leader of the economic processes in an enterprise or organ for guidance of agriculture, he should have solid knowledge of agricultural production. For that reason his training should be carried out in a framework integrated with that of the other agricultural specialists. Just as the higher economic institutes offer a better base for the training of economists-accountants, the agronomic institutes offer superior training conditions for production economists. For that reason we are in full agreement with rector C. Pintilie when he states that the best results in the training of these economists (regrettably confused with accountants) were obtained "in the 1970-1975 period, when faculties (sections) of agrarian economics operated in the agronomic institutes." Also pleading in favor of these theses is another assertion by C. Pintilie, according to which "graduates from this period even now are working in agricultural units, while the graduates of recent years, although trained for agriculture, have abandoned agriculture, becoming employed in other sectors of the national economy." Truly, a large proportion of graduates left to work in agriculture just for the graduating classes in the "agronomy" period was found at the 10-year reunions. More powerful attachment to agriculture, cultivated through years of study, as well as the diploma issued by the agronomic institute have restrained our graduates' habitual rush toward other branches of the national economy. The problem can also be solved, however, by giving the title of engineer-economist, which would correspond to the greatest extent to the content in training and jobs which the production economist has to fulfill.

From what has been said above I would not wish to create the impression that I am denying or even reducing the need and importance of the economic training of technical cadres for agriculture. The engineer's economic training is just as necessary as the economist's technical training. They are the connecting point between the engineer and economist, the guarantee of their lasting collaboration in the interest of agriculture.

A last problem. Under the conditions in which the new agrarian revolution basically is a scientific-technical revolution, the continued rise in the level of professional training through the uninterrupted circulation of new scientific ideas gains special significance. From this viewpoint, we think the existence of specialty magazines is welcome (GRAINS and TECHNICAL PLANTS, HORTICULTURE, ZOOTECHNICS AND VETERINARY MEDICINE, THE MECHANIZATION AND ELECTRIFICATION OF AGRICULTURE) published by the Ministry of Agriculture and the Food Industry. However, why is not a magazine of agrarian economics also published? Not because all the countries around us, among which some do not have an agriculture of the importance of Romania's agriculture, have available such a magazine, but its necessity is becoming more and more clear, as a forum for discussing the most proper economic measures to give an impetus to the new agrarian revolution in Romania. Why, really, a century ago, was P. S. Aurelian able to publish a magazine of rural economics while today, when agriculture is the priority branch of the Romanian economy, we lack the contribution of such a magazine? The publication of a magazine of agrarian economics would strengthen the faith of the economists in agriculture in the social usefulness of the cause they are serving, would contribute to propagating everything that is progressive in the thought and practice of agrarian economics in Romania and it would achieve a closer link between production, research and education in an area which is vital to the modernization of Romanian agriculture--the economic area.

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SUGGESTIONS MADE FOR IMPROVING EQUIPMENT MAINTENANCE

Bucharest REVISTA ECONOMICA in Romanian No 9 5 Mar 82 pp 5-6

[Article by Grigore Corlan: "How We Organize and Work to Maintain and Repair Equipment"]

[Text] Under the conditions of contemporary technical-scientific progress and the increase in the degree of complexity of the machinery and equipment in the enterprises, maintenance and repair activities are more and more acquiring the features of directly productive activities having a pronounced technical and technological coloring and playing a determining role in the normal and high efficiency operation of the production processes. In the spirit of the new economic mechanism, maintenance and repair activities on fixed assets and their manner of organization and execution must not be regarded as activities in themselves, but in correlation with the tasks to increase and improve the quality of production, with the requirements to reduce the consumption of energy and with the obligation of each enterprise to recover, in the shortest possible time, the funds advanced to it by society for the development and modernization of the technical base of production.

In stressing the role and special importance of maintenance and repair activities on fixed assets and the scientific organization of these activities, comrade Nicolae Ceausescu said: "Today, we have a high level of production facilities. Their proper operation and their timely repair are essential for the normal operation of production activities. I could say that these activities are becoming more important than investments themselves because if an investment is delayed it can be compensated for if existing enterprises operate appropriately. This is the special economic significance of the proper operation of all installations."

Keeping in mind the complexity of the problems raised by the planning, organization and execution of maintenance and repair activities, as well as by the experience of the industrial enterprises, we are proposing an analysis of the execution of these activities in the machine building branch.

The Timely and Quality Execution of General Overhauls

The analysis of the manner of carrying out maintenance and repair activities shows the fact that they have chalked up significant progress, with the mechano-energy departments and specialized teams in the production sections being concerned for

carrying out work under steadily improving conditions, with direct consequences for the reduction of accidental damage and shutdowns and the growth in the index for using available time for machinery and equipment by 2.8 to 10.3 percent in 1981 compared to 1976. Despite all this, there is still plenty of room for improvements to these activities in this field, activities which, if carried out on a timely basis, can contribute to a good degree to increasing production and improving labor productivity. We are principally speaking about the fact that:

- repairs are not in all cases carried out in accordance with schedules and provisions in the standards, using as an excuse either the lack of the capacity of the mechano-energy departments or that the production sections do not turn-over the machinery on-time for repairs because they need them to achieve the production plan;
- in carrying out the work they many times lack the technical finesse, as well as certain materials, spare parts and necessary subassemblies (especially those obtained through imports);
- the personnel employed in maintenance and repair activities show a tendency of working in the production section where the salaries are higher and, as a result, the mechano-energy departments are permanently short of manpower;
- they do not always correlate the repair plan with the sections' production plans and with the technical-material supply plan and so forth.

At the same time, the investigations that were conducted also show shortfalls in the planning of maintenance, technical overhauls and repairs. We are talking about the fact that, many times, requirements for materials, spare parts or manpower are drawn up on the basis of approximations by the chiefs of the maintenance and repair groups. Similarly, the annual production plan by quarters and months does not take into consideration the longer or shorter shutdown periods for equipment undergoing repairs, which leads to repeated delays in repairs and to restructuring the repair plan, with direct consequences for the status of the equipment and, in the end, for production. There are also cases sufficiently frequently where in the planning of repairs people do not take into consideration the actual technical status of the machinery or equipment, with a documentation procedure not being completed for this purpose, which results in including in the repair plan certain machinery or installations in good technical condition. At the Bucharest Machine Tools and Aggregates Enterprise, for example, the 1980 physical plan for repairs suffered a series of modifications, with 69 pieces of equipment being removed from current repairs and 17 pieces of equipment being removed from the capital repairs list. We still cannot speak of the existence of planning over a longer period of time that will take into consideration the necessary numbers of equipment, the manpower, the spare parts and the development of maintenance and repair workshops or sections, as well as the introduction of certain new methods for organizing maintenance and repairs.

All this requires a better organization of maintenance and repair activities and the basing of these activities on economic principles in accordance with the requirements of the new economic-financial mechanism, self-administration and worker self-management. In this regard, we feel it is necessary to channel concerns in the following directions:

1. In order to avoid the frequent situations where the production sections do not turnover machinery and equipment for repairs at the times listed in the schedules, citing either the need to fulfill the production plan or the too-long shutdown of machinery undergoing repairs, we will give greater attention to correlating the maintenance and repair plan with the sections' production plans and with the materials and spare parts supply plan. This requires that in the drawing up of the maintenance and repair plan people will start with the actual technical status of each piece of machinery, equipment or installation, which, most of the time, does not correspond to the timeframes listed in the maintenance and repair standards as established at the branch level (in 1980, for example, the following equipment was removed from the grade I and II current repairs plan for the reason that they had not completed the required operating cycle: 252 pieces of equipment at the Bucharest "Autobuzul", 360 at the Sinaia Precision Mechanics Enterprise and 86 at the Bucharest Machine-Tool and Aggregates Enterprise). During the last five year plan at the Brasov "Tractorul" plant, capital repairs were carried out, compared to the standards, only at a rate of 34.6 percent to 44.6 percent on the number of equipment and between 24.9 percent and 31.3 percent based on the number of standard hours of operation.

The elimination of the deficiencies that were found requires the mechano-energy sections (departments), together with the production sections, to identify the equipment that needs repair (by the type of repairs and the timeframe in which the work is to be carried out) and, then, to establish the necessary amount spare parts that must be supplied. In this manner, the repair, supply and production plans will have a greater accuracy and, at the same time, there will be a decentralization of the planning and decisionmaking activities, with these being carried out at the section level, as called for by the principles of economic-financial self-administration.

2. In order to avoid the difficulties that the enterprises are still encountering in the area of supplies of spare parts, assemblies or subassemblies, we will intensify concerns in the direction of creating the technical conditions necessary for assimilating these items domestically in the shortest possible time. In special cases, when it is absolutely necessary to import them, the enterprises will forward on a timely basis their lists of required supplies so they can be included in the branch's import plan.

3. Each piece of equipment will have a technical book, which we will call the "Chief Mechanic's Book", in which will be noted all the work done by the mechano-energy department, who did it, when was this work done and who was at fault in producing the defect. Thus, this will increase the responsibility of the people who work with the fixed assets, as well as persons who maintain or

repair these fixed assets. At the same time, there will be a better record of the defects that crop up, concomitantly creating the possibilities for preventing them.

4. For the purpose of stimulating actions to recondition used spare parts, at the mechano-energy department level we will create technology files that will contain data, information and catalogues on the technology existing in our country and abroad and that can be used efficiently in the reconditioning of used spare parts, beginning with those with expensive parts or those made of scarce materials.

5. Since the majority of the machine building enterprises have imported machinery and equipment that must be replaced or upgraded (being physically or morally used), the self-equipping sections will be concerned principally with the production of some of these types of machinery and equipment having a high degree of mechanization and automation so that gradually efforts will be intensified in the direction of assimilating into our own production those mechanisms and subassemblies with which they are equipped.

An Informational System Closer to the Requirements of Production

The maintenance and repair activities on the fixed assets in the enterprises require the collection and processing of a large volume of data and information referring to: the frequency of accidental shutdowns and the causes of these shutdowns, the frequency of inspections and overhauls and the interval between repairs, and the cycle for replacing parts; the determination of the necessary amount of materials and manpower; the optimum moment for carrying out work; the cost of repairs and so forth. At the same time, the information and documentation system has the task of responding at any moment to a series of problems referring to the means of carrying out repairs (when, with which type of technology, by whom), where the repairs will be made (at the place of production or in special repair shops), the time required to make the repairs, whether repair or maintenance work was carried out on this machinery and so forth.

From this point of view, the conclusions pointed out the fact that in some cases the information and documentation system used is incomplete and even not in agreement with reality. We are talking about the fact that the "U Files" are not kept up-to-date or are not filled out under all the columns (as in the cases of the "Autobuzul" and Radio and Semiconductor Parts enterprises). There was no clear record of the consumption of oil in the lubrication of machinery or of lubrication operations on each piece of machinery or equipment (at the Bucharest Machine-Tool and Aggregates Enterprise). Reports were not filled out each time technical overhauls or grade 1 current repairs were carried out (at the Sacele "Electroprecizia" plant and the Brasov "Tractorul" plant) and so forth. All these led to and still are leading to an insufficient preparation of repair work, to a large degree of relativity in the drawing up and achievement of repair plans and to an incomplete correlation of repair plans with production plans, technical-material supply plans and manpower plans.

That is why we feel that it is very urgently necessary to intensify efforts to improve the informational system that will effectively help in making decisions in the field of maintaining and repairing machinery and equipment. In connection with this and keeping in mind the complexity of the production processes, we feel that in order to make rational and efficient decisions in this area there is need for a well-organized flow of information that will eliminate parallelisms and useless links and that, in the end, will permit the processing of data using modern automated systems.

As a component of the enterprises, maintenance and repair activities must be better integrated into their informational systems for the purpose of efficiently using the data that is furnished, of processing it in an automated fashion and of transmitting it to the places of production. To this end, it is necessary for the documentation system to principally contain data and information that are very precise referring to: the status of the fixed assets and, separately, the status of available fixed assets; the planning and scheduling of maintenance, technical overhauls and repairs; the provision of technical-economic documentation necessary to the execution of the work; the data on the most modern and efficient technologies used in our country or abroad; the establishment of the necessary amount of spare parts and materials and the means of procuring or producing them (our own production, through cooperation, reconditioning or imports); the follow-up and reporting on the execution of work; the data referring to current maintenance work and so forth.

Up to now, the supply of these data has been done for the most part manually, with the transition to the automated processing of data (by computers) constituting one of the immediate concerns of the enterprises that were analyzed. The transition from manual processing to automated data processing is influenced in a decisive manner by how the data is structured and how it is collected and furnished. In this context, it is necessary to establish on a timely basis the formulas that will be used (some of them are standardized either at the level of the national economy and the industrial centrals or at the enterprise level). In establishing these formulas, it would be well to keep in mind the fact that they will also fill the role of source-documents for the creation and organization of files that are strictly necessary both for the documentation of fixed assets and for the planning, starting and achievement of repair work. At the same time, with regards to the fixed assets, the computer processing of data on their maintenance and repair leads to the need to create certain data banks that are specialized according to the groups of fixed assets first at the level of the enterprises and, later, during a later stage, at the level of the industrial central.

MEASURES TO ACCELERATE DEVELOPMENT OF EXPORT PRODUCTS

Bucharest REVISTA ECONOMICA in Romanian No 9 5 Mar 82 pp 9-10

[Article by Ludovic Lachs: "The Use of Comparative Advantages in the Field of Technical Innovation"]

[Text] In this issue, we are continuing the discussion organized by this magazine on the subject of the new quality in foreign trade activities, bringing into the discussion at this time the opportunities for specializing export production, beginning with the criterion of the comparative advantage brought about by the priority of the technical research and development that our country has in many top industrial fields.

The Implications for Exports in Shortening the Life-Cycle of Technologies

The contemporary technical-scientific revolution requires certain changes in viewpoints not only in the production plan but also in the concept regarding sales and in the definition of the objective of commercial activities. If, to date, only those products offered and sold on the market were included in the goods category, the technical-scientific revolution of the recent decades, in addition to the considerable increase in the variety of products that have appeared on the market, as led to an ever more rapid succession of technologies used in the production of goods, with these technologies being used in many cases for the production of a single generation of products - after which they are replaced by other technologies that are specific to the next generation of products.

Since the period needed for the expiration of the life-cycle of products is more and more closer to the economic life-cycle of the technologies (here we are referring to the specific technologies), we feel that there should be a reconsideration of the specific place of the technologies on the market, with operations like "technology transfers" in fact becoming the trade of a product - which is an interdependent technology having a generation of products and which is used as a fixed means of production. Like any other product, technologies have an ever more limited lifetime, prove their utility according to the law of supply and demand and are subject to all the specific laws of production and trade. Technical progress in the top fields requires the drastic reduction of the lifetimes of technologies that are much below the level of the physical lifetimes of the equipment through which they are expressed in the production process (production lines, equipment).

The accelerated action of the time factor in the field of technologies and products requires that we designers consider the immediately coming profiles - the technologies that are in the stage of being drawn up - in the strategies for developing new production facilities, as well as the perspectives for the successive replacement of at least one or two technologies, with the consequences that are involved, including technological programs for a number of successive groups of products.

Under these conditions, we are re-evaluating the timeframe for recovering investments in such a way that the current methodology will no longer be able to represent a basic criterion in the substantiation of investment projects in the fields of top industries.

In this context, we must also review the significance in the decisional option of the indicator costs per 1,000 lei of goods production - calculated for a product that has barely been created in the laboratory or that is only a technical idea at the time of the approval of the investment project.

In exchange, we must taken into consideration the use of certain indicators specific to the branches that will reflect the direct and propagated effects in the economy, such as: energy consumption in the production of the product compared to the savings in energy or materials that are imported - factors that can be used to justify the efficiency of investments.

It is a certain fact that in the context of the economic phenomena generated by technical progress in the last two decades of the 20th century, the decision-making organs can no longer operate using the system of indicators drawn up 3 decades ago.

Furthermore, the problem of studying and forecasting a product or technology on the market cannot be resolved by reports that will ensure that it will be sold on domestic or foreign markets over 1 to 2 or 3 years without having first drawn up a market study. "Blanket" reports should be forgotten and replaced by an increase in the number of market studies that are drawn up and - we stress - used.

In conclusio , we can say that in those fields where the succession of technologies and products takes place at a quicker pace because of technical progress, the updating of the means of production, technologies and products presents atypical phenomena that are more difficult to evaluate to the help of the usual systems of technical-economic indicators.

It seems more and more urgently necessary to revise and complement these systems with new specific indicators that will show the objectives of development as imposed by objective factors such as: the replacement of certain scarce materials, the reduction of energy consumption and the increase in the technical content of products in accordance with the new technologies and with market demand. Thus, we have in mind certain important factors that the current system does not show, such as:

- energy consumption in the production of the product;
- energy consumption in the use of the product;
- consumption of scarce raw materials or those that are imported;
- amount of effort in our own research;
- licensing costs;
- assured sales opportunities for convertible currency and hard currencies in comparison with the importing of raw materials and materials.

A significant impediment that must be resolved is that of value comparisons, with the most realistic means of expression being in hard currency.

Competitive Structures in Research and Development

In the organization of institutes for research, technological engineering and design, there still are some tendencies towards gigantism, even though it has been proven over time that research institutes or centrals focused on a more reduced area of products obtain more efficient results and are more flexible for keeping pace with current problems, naturally if they are also given the necessary technical-material base.

International practice shows that the progress recorded in the top fields, for example, by Japanese industries, are due to a great degree to using existing possibilities in the field of research (financed by consumer companies) in the institutes of higher learning.

The use of these possibilities in our country is still at the beginning stage, but it is already proving that it is more efficient and less costly to equip the laboratories in educational units, where research is more at "home" because of the human potential of faculty and students who can express their abilities, than in large institutes that are organized by structure using much more limited selection criteria (including because of the fact that graduates equipped for research are not assigned to this type of work, but must carry out a 3 year period in production, in other words precisely during the period needed to build the researcher after his training in school).

Among the successes recorded in the collaboration between the educational departments and centrals, enterprises and research-design institutes, we can note: in the Iasi Polytechnical Institute, branches of electrotechnical, chemical and precision mechanics institutes have been organized and a consumer goods electronics branch is to be organized; in the Timisoara Polytechnical Institute, very good results have been obtained in research in electrical machinery, welding and in other areas; at the Bucharest Polytechnical Institute, the silicates and oxide compounds department has completed a pilot furnace for optical fibers, a top technology that is to offer optimum support for telecommunications transmissions, at the same time replacing copper in many uses.

The selection of a research field, the orientation of the scientific cadres' potential and their appropriate equipping in order to obtain certain results that can be assimilated into production constitute an essential condition.

Unfortunately, it has been found that in many institutes the tilt towards certain objectives that are no longer new and the inclusion into the plan of certain subjects that have production timeframes that are much beyond the admissible limit of the product's lifetime (when, in other countries, research has already been completed) cause the research effort to be handicapped right from the very beginning, while the planned exports become an illusion.

In order to avoid such situations it is first necessary to research the market for the product and to conduct a technological prognosis in order to determine the future evolution of the lifetime both of the technology being used and the of the product. And, we will continue here to give examples of this, with arguments from a border field between electronics and optics.

Opto-Electronics - A Field With A Vast Market Potential

The somewhat privileged status of the electronics industry under the conditions of the world crisis is due, on one hand, to its high profitability which attenuates the effect of the dependency of frequently scarce and rare raw materials and, on the other hand, to the major role of electronics in the development of all economic branches and, in general, all human activities.

World demand for electronic products has increased on the markets of the developed capitalist countries during the period 1975-1980 at an average annual rate of 16 percent, with the volume of sales increasing from \$75.7 billion in 1975 to \$163.8 billion in 1980.

The dominating characteristic of the development of electronics at the industrial level in the recent decades has been the rapid technical development pushed by the results of research which has permitted the appearance of certain new technologies and even new fields in technology such as: microelectronics, optoelectronics, new fields of use for integrated circuits in industrial and professional electronics, computer technology, communications and so forth. For its part, the development of microelectronics has meant the recording of certain spectacular successes in opto-electronics as well. The improvement of devices in this technology is evolving extremely rapidly (diode lasers, optical fibers, optical modulators and so forth), with the certainty appearing that in the second half of the current decade it will penetrate along a broad front of uses on the world market. We stress the fact that opto-electronics, as a technology, is on the curve in its early phase and our country also has the premises for its development from the point of view of the potential for research, production facilities and domestic and foreign markets.

The option to specialize and concentrate research and development efforts towards one field or another must first be argued with data regarding the evolution of international circumstances.

In the case of lasers and optical fibers, we have to deal with a market that is just being created and developed at very dynamic rates. Thus, according to the forecasts of the magazine ELECTRONICS on the U.S. market, demand is evolving as follows [see table on next page]:

Demand (in millions of dollars)

	1981	1984	1985
Demand for Lasers	158.8	233	270
Demand for Optical Fibers	34.4	147.1	---

If for lasers, which represents an older technology (2 decades), the demand represents a less accentuated curve, for optical fibers there is a forecast of a growth of 4.3 times over for a 3 year period. The most aggressive increases are in the field of computers (5.3 times greater) and in energy and video transmitters (5.4 times greater).

On a worldwide scale, the industry that produces systems based on optical fibers is represented by countries such as: Japan - 31 percent; the United States - 29 percent; Canada - 22 percent; West Germany - 5 percent; France - 4 percent; Italy - 3 percent; England - 2 percent and the remaining 4 percent going to the USSR, China, Czechoslovakia, Yugoslavia and so forth.

The essential problem in this area is that of competing with time. In our country, as was pointed out, some studies were drawn up through our own research, resulting in the micro-scale production of a series of electronic devices and equipment using lasers and optical fibers, which created the premises for moving on to series industrial production.

In a very short interval of time from the construction of the first laser device on the worldwide level (1960), in 1962, the first Romanian laser was produced, which had as an active medium a mixture of helium and neon. In 1967, we made our first powerful laser (100 w) with an active medium of carbon dioxide, as well as the first Romanian laser using ionized argon. Only a year later, in 1968, high power lasers were achieved at the I.F.T.A.R. using a solid active medium.

In the field of lasers, which represent a source for transmission through optical fibers, the progress made in the research and production of lasers is permitting approaches to new technologies using a thorough basis. Moreover, the fact that Romanian science is continuing to have a technological advance in the field of lasers using a liquid active medium having metallic vapor coloring agents, using nitrogen and so forth, permits the development of research in the direction of diversifying and extending the number of applications into the most diverse fields.

Current research in the field of optical fibers used in the construction of telecommunication cables is already directed towards the second generation of fibers which operate in the "far infrared" range (1.3 - 1.6 meters) where losses can be brought down below 0.2 dB/Km.

If we could concentrate the efforts of the eight institutes that are working in the field of lasers and optical fibers and by starting production in 18 months at the most, Romania could enter into the ranks of those countries having a significant production of optical fibers and lasers, which, during the current decade, will experience a significant increase in demand.

In this context, we must note just how current is the promotion of the results of the research conducted by the silicates department at the Bucharest Polytechnical Institute (the group headed by professor Dr Petre Balta), by the group headed by professor Dr Cr. Popescu for lasers at the I.F.T.A.R. and by the Fellas group headed by engineer Dr Vlad Dolcaru at the Enterprise for Computers for the use and employment of optical fibers in Romanian production.

Will time allow us to first design a new factory, to obtain, as is the norm, in 20-30 months all the approvals, to build a new facility in another 20-30 months and to start production after 1985? Will perhaps the rigors of the market forgive us if we lose our race with time?

In order to avoid lost time, we feel that it would seem opportune to redirect an existing enterprise, one that is close to this type (a producing of glass) such as "Electrofar" or an enterprise with a mixed profile that will have glass specialists, electronics specialists, mechanics and so forth needed for complex production; or we could have a reprofiling of two enterprises - because a priority condition is the rapid start up using the new technologies.

In order for us to take part in getting these types of products onto the foreign markets and for which there is and will be in the future a demand, it would also be useful to establish a joint company, which would promote the rate of updating technologies and would facilitate the movement of products onto the market.

The experience of 6 years in the field of researching and designing optical fiber tele-transmission systems and the existence of certain young, but experienced personnel in a number of groups in our country call for a concentration of scientific forces and production forces in an enterprise having a research and production profile that could be reprofiled eventually, as noted above, under the leadership of the C.I.E.T.A., which is responsible for this problem (under the coordination of this central, a forecast and marketing study has completed for laser and optical fiber equipment which shows the efficiency of assimilating these products).

The solution of reprofiling an existing enterprise would make it possible to start operations in 1983, and cooperation with one of the large companies specializing in this area would permit acquiring the modern technology in the shortest possible time so that we could benefit from the current stage of the supply-demand relationship, which, at the moment, is not unified and will permit advantageous prices for some time.

WORK STOPPAGES IN CROATIA LAST YEAR DISCUSSED

AU031857 Zagreb VJESNIK in Serbo-Croatian 28 Feb 82 p 4

[Article by Vlado Rajic: "Work Stoppages: They Are Not 'Highly Confidential'"]

[Summary] In the Socialist Republic of Croatia last year, there were 71 work stoppages in which 4,169 workers took part and lasting a total of 410 hours and 45 minutes. The average duration was 5 hours 7 minutes and 8 seconds, as is precisely stated in "Information About Extraordinary Events" published by the information service of Croatia's Trade Union Federation Council at the beginning of February.

"To make things clear, the Council of the Trade Union Federation of Croatia is one of the rare organs of this rank which compiles such statistics, and it is quite alone in how it 'presents' this information: it is published without a 'highly confidential' or similar classification."

"When it is said that among the reasons and causes for work stoppages, low personal incomes (21) and incorrect distribution (27) are the most frequent, the conclusion that we are rebelling over money only would conceal a great deal." Personal incomes are merely a consequence of overall relations in the collective.

Last year was extremely difficult as regards implementing economic plans. Any error in self-management was immediately registered "by the barometer of human relations in work communities." This includes work stoppages as well as an increase in other complaints. "It is easiest to say that work stoppages are a consequence of a check in self-management in a collective."

Milorad Viskic, member of the presidium of Croatia's Trade Union Federation Council, says that work stoppages are most frequently "a consequence of insufficient information, ignorance as well as omissions in the duty to discuss everything exactly with the workers and to inform them of the facts," but one may add that the leaders in collectives sometimes themselves do not know what to do and cannot explain why personal incomes will be reduced.

All the economic policy moves come to a head in personal income distribution. "It is a fact that the number of stoppages increased in comparison with the

previous year, but the number of those taking part was somewhat smaller. Very crudely interpreting this report, we may say: Stoppages are not only a matter of clarifying internal problems in the basic organizations of associated labor, but are an indication that workers want to join more fully in social and political life, showing with their step how correct some solutions, even overall ones, are."

The stoppage at the foundry of Prvomajska in Zagreb last July is a case in point. Over 600 workers stopped work for 6 hours, demanding at first that the surpluses returned by self-managing interest communities should be paid back to the workers through personal incomes. Having been informed of the views of the trade unions and the Croat Executive Council that these funds should be added to the enterprise's income and then distributed according to regulations, the workers dropped their initial demand but requested that they be informed of the transactions.

When we later enquired how the workers assessed the transactions, we met with no cooperation, indicating that Prvomajska no longer wants to be connected with the whole business." The case indicates that work stoppages are "closely linked with wider social events, especially in the sphere of the economy, economic policy and our overall behavior within agreed regulations."

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